

[COMMITTEE PRINT]

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Calendar No. 000

114TH CONGRESS }  
2d Session }

SENATE

{ REPORT  
114-000

FINANCIAL SERVICES AND GENERAL GOVERNMENT  
APPROPRIATIONS BILL, 2017

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JUNE 00, 2016.—Ordered to be printed

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Mr. BOOZMAN of Arkansas, from the Committee on Appropriations,  
submitted the following

REPORT

[To accompany S. 0000]

The Committee on Appropriations reports an original bill (S. 0000) making appropriations for financial services and general government for the fiscal year ending September 30, 2017, and for other purposes, reports favorably thereon without amendment and recommends that the bill do pass.

*Amounts of new budget (obligational) authority for fiscal year 2017*

Total of bill as reported to the Senate .....	\$44,361,260,000
Amount of 2016 appropriations .....	44,830,934,000
Amount of 2017 budget estimate .....	46,542,785,000
Bill as recommended to Senate compared to—	
2016 appropriations .....	– 469,674,000
2017 budget estimate .....	– 2,181,525,000

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## OVERVIEW AND SUMMARY OF THE BILL

The Financial Services and General Government appropriations bill provides funding for the Department of the Treasury, including the Internal Revenue Service; the Executive Office of the President; the Judiciary; the District of Columbia; and more than two dozen independent Federal agencies.

The Committee recommends \$44,361,260,000 in discretionary and mandatory appropriations. This represents a decrease of \$469,674,000 below the fiscal year 2016 enacted level, and a decrease of \$2,181,525,000 below the budget request. Of the total, \$22,551,810,000 is provided in discretionary appropriations, including \$158,829,000 for the Small Business Administration Disaster Loans Program Account designated by Congress as disaster relief pursuant to Public Law 112-25. This discretionary amount is \$2,205,525,000 below the budget request of \$24,757,335,000. Mandatory appropriations less scorekeeping adjustments total \$21,809,450,000.

## PROGRAM, PROJECT, AND ACTIVITY

During fiscal year 2017, for the purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177), as amended, with respect to appropriations contained in the accompanying bill, the terms "program, project, and activity" [PPA] shall mean any item for which a dollar amount is contained in appropriations acts (including joint resolutions providing continuing appropriations) or accompanying reports of the House and Senate Committees on Appropriations, or accompanying conference reports and joint explanatory statements of the committee of conference.

## REPROGRAMMING GUIDELINES

The Committee includes a provision (section 608) establishing the authority of agencies to reprogram funds and the limitation on that authority. The provision specifically requires the advance approval of the House and Senate Committees on Appropriations of any proposal to reprogram funds that: (1) creates a new program; (2) eliminates a program, project, or activity [PPA]; (3) increases funds or personnel for any PPA for which funds have been denied or restricted by the Congress; (4) proposes to redirect funds that were directed in such reports for a specific activity to a different purpose; (5) augments an existing PPA in excess of \$5,000,000 or 10 percent, whichever is less; (6) reduces an existing PPA by \$5,000,000 or 10 percent, whichever is less; or (7) creates, reorganizes, or restructures offices differently than the congressional budget justifications or the table at the end of the Committee report, whichever is more detailed.

The Committee retains the requirement that each agency submit an operating plan to the House and Senate Committees on Appropriations not later than 60 days after enactment of this act to establish the baseline for application of reprogramming and transfer authorities provided in this act. Specifically, each agency should provide a table for each appropriation with columns displaying the

budget request; adjustments made by Congress; adjustments for rescissions, if appropriate; and the fiscal year enacted level. The table shall delineate the appropriation both by object class and by PPA. The report must also identify items of special congressional interest.

The Committee expects the agencies and bureaus to submit reprogramming requests in a timely manner and to provide a thorough explanation of the proposed reallocations, including a detailed justification of increases and reductions and the specific impact the proposed changes will have on the budget request for the following fiscal year. Except in emergency situations, reprogramming requests should be submitted no later than June 30.

The Committee expects each agency to manage its programs and activities within the amounts appropriated by Congress. The Committee reminds agencies that reprogramming requests should be submitted only in the case of an unforeseeable emergency or a situation that could not have been anticipated when formulating the budget request for the current fiscal year. Further, the Committee notes that when a Department or agency submits a reprogramming or transfer request to the Committees on Appropriations and does not receive identical responses from the House and the Senate, it is the responsibility of the Department or agency to reconcile the House and the Senate differences before proceeding, and if reconciliation is not possible, to consider the request to reprogram funds unapproved.

#### RELATIONSHIP WITH BUDGET OFFICES

Through the years, the Committee has channeled most of its inquiries and requests for information and assistance through the budget offices of the various departments, agencies, offices, and commissions. The Committee has often pointed to the natural affinity and relationship between the budget offices and the Committee which makes such a relationship workable. The Committee reiterates its longstanding position that while the Committee reserves the right to call upon any office or officer in the departments, agencies, and commissions, the primary conjunction between the Committee and these entities must be through the budget offices. To help ensure the Committee's ability to perform its responsibilities, the Committee insists on having direct, unobstructed, and timely access to the budget offices and expects to be able to receive forthright and complete responses from those offices and their employees.

The Committee expects timely agency compliance with mandated reporting requirements. The Committee directs all agencies from which reports are required to allow sufficient time to secure any necessary internal and external clearances of reports in order to satisfy congressional deadlines. The Committee strongly urges agencies to alert the Committee as far as possible in advance of any expected slippage in meeting a report delivery due date.

#### CONGRESSIONAL BUDGET JUSTIFICATIONS

Budget justifications are prepared not for the use of the agency, but instead are the primary tool used by the House and Senate

Committees on Appropriations to evaluate the resource requirements and fiscal needs of agencies. The Committee is aware that the format and presentation of budget materials is largely left to the agency within presentation objectives set forth by OMB. However, the Committee expects agencies to consult with the Committees on Appropriations in advance regarding any plans to modify the format of agency budget documents to ensure that the data needed to make appropriate and meaningful funding decisions is provided.

The Committee directs that justifications submitted with the fiscal year 2018 budget requests by agencies funded under this act must contain the customary level of detailed data and explanatory statements to support the appropriations requests at the level of detail contained in the funding table included at the end of the report. Among other items, agencies shall provide a detailed discussion of proposed new initiatives, proposed changes in the agency's financial plan from prior year enactment, and detailed data on all programs and comprehensive information on any office or agency restructurings. At a minimum, each agency must also provide adequate justification for funding and staffing changes for each individual office. Explanatory materials should compare programs, projects, and activities that are proposed for fiscal year 2018 to the fiscal year 2017 enacted level.

The Committee includes a general provision requiring that agencies provide, as a component incorporated within their fiscal year 2018 budget justification materials submitted to the Committee, a separate table briefly describing the top management challenges for fiscal year 2017 as identified by the agency inspector general, along with an explanation of how the fiscal year 2018 budget request addresses each such management challenge.

The Committee is aware that the analytical materials required for review by the Committee are unique to each agency in this act. Therefore, the Committee expects that each agency will coordinate with the House and Senate Committees on Appropriations in advance on its planned presentation for its budget justification materials in support of the fiscal year 2018 budget request.

#### AGENCY REPORTS

As a measure to reduce costs and conserve paper, the Committee reminds agencies funded by this act that currently provide separate copies of periodic reports (such as Performance and Accountability Reports) and correspondence to the chairs of the House and Senate Appropriations Committees and Subcommittees on Financial Services and General Government, and also to the ranking members of the committees and subcommittees, to use a single cover letter jointly addressed to the chairs and ranking members of the Committee and subcommittee of both the House and the Senate. To the greatest extent feasible, agencies should include in the cover letter a reference or hyperlink to facilitate electronic access to the report and provide the documents by electronic mail delivery. Consolidating addressees and remitting a copy of the letter and attachments to each recipient should expedite agency processing. This should also help ensure that consistent information is

conveyed concurrently to the majority and minority committee offices of both chambers of Congress.

#### ANTIDEFICIENCY ACT VIOLATIONS

The Antideficiency Act is a cornerstone of Federal fiscal law. It forbids agencies from exceeding an appropriation, apportionment, or allotment; from obligating funds before Congress has appropriated them; and from accepting voluntary services or employing personal services exceeding that authorized by law. These prohibitions ensure that agencies operate within amounts that Congress has appropriated and, therefore, that agency activities are carried out in accordance with the will of the people as expressed through Congress.

The Antideficiency Act requires agencies to immediately report violations of the act to Congress and to the President and to transmit a copy of each report to the Comptroller General. These reports must include all relevant facts pertaining to the violation and a statement of action taken. These reports provide information essential to the Committee as it performs oversight and as it considers agency funding levels. Therefore, the Committee directs any agency funded by this Act to concurrently transmit to the Subcommittee on Financial Services and General Government a copy of any Antideficiency Act violation report submitted pursuant to 31 U.S.C. 1351 or 31 U.S.C. 1517(b).

#### OTHER MATTERS AND DIRECTIVES

*Cybersecurity.*—Cybersecurity remains one of the most significant challenges facing the Nation. Recent events have demonstrated that the Federal Government faces an array of cyber-based threats to its systems and data and the results have proven disastrous to millions of Americans. The Committee remains concerned that billions of Federal dollars are spent each fiscal year yet there is no guarantee of security for Americans. The Committee stresses the importance of the role of the Federal CIO in protecting Federal assets and information and strengthening the Federal Government's overall cybersecurity infrastructure. The Committee is committed to conducting oversight of agencies within its jurisdiction to ensure that funding is being spent wisely and effectively while ensuring that stronger cyber controls are in place. The Committee encourages the Administration and agencies to enhance their cyber strategies and allocate resources accordingly to combat cybercrime and data breaches.

*Contracts and Awards.*—Agencies funded by this act should require that all contracts within their purview that provide award fees link such fees to successful acquisition outcomes, specifying the terms of cost, schedule, and performance. Agencies funded by this act should not pay awards or incentive fees for contractor performance that has been judged to be below satisfactory performance or performance that does not meet the basic requirements of a contract.

*Advertising Transparency.*—The Committee is aware that agencies funded through this bill do a variety of different types of advertising. The Committee directs the agencies to clearly state with-

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in the text, audio, or video used for advertising or education purposes, including emails or advertising/posting on the Internet, that the communications are printed, published or produced and disseminated at U.S. taxpayer expense.

June 14, 2016 (12:50 p.m.)



TITLE I  
DEPARTMENT OF THE TREASURY  
DEPARTMENTAL OFFICES  
SALARIES AND EXPENSES

Appropriations, 2016 .....	\$222,500,000
Budget estimate, 2017 .....	334,376,000
Committee recommendation .....	347,376,000

PROGRAM DESCRIPTION

The Secretary of the Treasury has the primary role in formulating and managing the domestic and international tax and financial policies of the Federal Government. The Secretary's responsibilities funded by the Departmental Offices Salaries and Expenses appropriation include: recommending and implementing U.S. domestic and international economic and tax policy; formulating fiscal policy; governing the fiscal operations of the Government; executing the Nation's financial sanction policies; disrupting and dismantling terrorist financial infrastructure; protecting the United States and the international financial system from terrorist financing, money laundering, and other financial crimes; managing the public debt; managing international development policy; representing the United States on international monetary, trade, and investment issues; overseeing Department of the Treasury overseas operations; and directing the administrative operations of the Department of the Treasury. The majority of the Salaries and Expenses appropriation provides resources for policy formulation and implementation in the areas of domestic and international finance, terrorist financing and financial crimes, tax, economic, trade, financial operations and general fiscal policy. This appropriation also provides resources to support the Secretary, policy components, and departmental administrative policies in financial and personnel management, procurement operations, and information systems and telecommunications.

COMMITTEE RECOMMENDATION

The Committee recommends \$347,376,000 for the Departmental Offices account of the Department of the Treasury for fiscal year 2017. The funding recommendations are made based on information included in the budget justification.

The Committee recommends \$123,000,000 within the Departmental Offices account for the Office of Terrorism and Financial Intelligence in order to support safeguarding financial systems against illicit use and combating rogue nations, terrorist facilitators, money launderers, proliferators of weapons of mass destruction, and other national security threats.

*Student Debt.*—The Committee notes that there is nearly \$1,200,000,000,000 in outstanding student loan debt, of which \$150,000,000,000 is in private student loans. More than 850,000 students have defaulted on private student loans worth more than \$8,100,000,000. The Committee commends the Federal bank regu-

lators for efforts to encourage financial institutions to work constructively with private student loan borrowers experiencing financial difficulties and encourages Treasury to work with the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the National Credit Union Administration, and the Federal Reserve to offer clear guidance that protects taxpayers and is consistent with safety and soundness principles recognizing the unique characteristics of private student loans compared to other debt and providing flexibility to lenders working with borrowers to avoid default.

*Office of Financial Education.*—The Committee is concerned about the low level of financial literacy and numeracy skills among the adult population of the United States, as one in seven adults do not have the basic financial literacy skills to succeed in all but the most rudimentary financial literacy tasks. The Committee encourages the Department to explore the degree to which current Federal financial literacy programs benefit those individuals with less than basic literacy skills and to develop measurable goals and objectives for the Financial Literacy and Education Commission that address the needs of this population. Finally, the Committee urges the Department to explore opportunities to work with rural community-based adult and family literacy organizations to promote and implement future financial literacy initiatives.

*Wildlife Trafficking.*—The Committee notes the recent increase of illegal trade in rhinoceros horns, elephant ivory, and illegally harvested timber, along with the large sums of money that these products command on the black market. There are indisputable linkages between these activities and the financing of armed insurgencies and groups that threaten the stability and development of African countries and pose a threat to U.S. security interests. The Committee directs the Department to use available resources to pursue and enforce money laundering and other related laws as related to wildlife trafficking and the illegal ivory trade. The Department shall report to the Committee semiannually during fiscal year 2017 on such enforcement actions and other steps taken to carry out the Implementation Plan of the National Strategy on Wildlife Trafficking during this fiscal year.

*Ivory Poaching.*—Militias, armed groups, insurgents, and even terrorist groups are using profits from illegal ivory poaching and trafficking to further violence in Africa and elsewhere. Often the sales are to China and involve organized crime, shell companies, and arms traffickers. Accordingly, the Committee directs the Department of the Treasury to use available resources to pursue and enforce money laundering and other related laws as related to the illegal ivory trade, particularly in Africa. The Department shall report to the Committee every 6 months during the fiscal year on such enforcement actions taken during the fiscal year.

*Agricultural Exports.*—The Committee notes that expanding export opportunities for U.S. agricultural producers remain a critical opportunity for economic growth. U.S. agricultural sales restrictions to Cuba have prevented U.S. producers from unlocking their full market potential in Cuba. The Committee directs the Department of the Treasury to coordinate with the Department of Commerce and the Department of Agriculture to conduct an assessment



of the impact that recent policy and regulatory changes to ease trade restrictions with Cuba have had on the U.S. agricultural industry and the extent to which remaining prohibitions on U.S. private financing or credit for sales of U.S. agricultural commodities negatively affects small U.S. exporters and farmers. The Department should report its findings to the Committee no later than 120 days after enactment.

*Economic Sanctions and Divestments.*—The Committee recommendation includes resources for Terrorism and Financial Intelligence programs. With these funds, the Department will continue to implement and enforce economic and trade sanctions consistent with national security and foreign policy goals. These sanctions are a key tool for asserting U.S. policy toward countries and entities under sanction. The Committee directs the Department to fully implement all sanctions and divestment measures, particularly those applicable to those supporting WMD proliferation, terrorism, transnational organized crime, the Islamic State of Iraq and the Levant, Russia, Belarus, North Korea, Iran, Sudan, Syria, Venezuela, Zimbabwe and designated rebel groups operating in and around the Democratic Republic of Congo. The Committee directs the Department to promptly notify the Committee of any resource constraints that adversely impact the implementation of any sanctions program.

*Iran Sanctions.*—The Committee directs the Treasury Department to conduct a full review of all sanction designation removals related to Iran during the past 2 years and report to the Committee in writing for each such removal whether the entity has engaged in any prohibited activities since the removal of sanctions. If Treasury determines an entity has engaged in any activities for which it should be sanctioned, Treasury shall either sanction the entity or provide a written justification for why sanctions have not been imposed.

The Committee is deeply concerned that the number of new sanctions designations related to Iran's non-nuclear activities has dramatically decreased over the past 2 years. The Committee directs the Treasury Department to provide a report to the Committee, within 180 days from enactment, on the number of non-nuclear related sanctions designations related to Iran issued for the each of the past 3 fiscal years. The report shall provide an overall number of designations, and the number for each sanctions program.

The Committee is further concerned that investigations of entities for possible sanctions violations take considerable time and during the investigation period entities may continue to carry out sanctionable activities. The Committee directs the Department to begin tracking the time between the start of each investigation into possible sanctions violations and the issuance of sanctions or closure of the investigation. The Department shall provide a report to the Committee at the end of the fiscal year on the average investigation time, the number of investigations carried out, the number of investigations concluded, and the number of open investigations.

*Management of Capital Investments.*—The Committee notes that section 123 of the bill requires the Secretary of the Treasury to develop an annual Capital Investment Plan, to be submitted to the Committees on Appropriations of the Senate and the House of Rep-

representatives within 30 days following submission of the President's annual budget request. The Committee directs the Department to include estimated funding needs for the lifetime capital needs for each project, not just for the budget year. The Committee also directs the Department to include in the Capital Investment Plan meaningful and understandable summaries of capital investments by project type (e.g., information technology). The Committee directs the Office of the Chief Information Officer to ensure that adequate resources are devoted both to projects in the capital phase and to proper maintenance and modernization of existing systems and to ensure that all projects are tracked properly and described completely in the annual Capital Investment Plan.

*Cybersecurity.*—The Committee supports investments in financial cybersecurity research, and strongly urges the Department of the Treasury, including the Office of Critical Infrastructure Policy, to work with the National Science Foundation, the Department of Homeland Security's Science and Technology Directorate and its Homeland Security Advanced Research Projects Agency, the Intelligence Advanced Research Projects Activity, and others to leverage cybersecurity research and efforts to protect our Nation where it is most vulnerable.

*Mortgage Servicing Assets.*—The Committee remains concerned that the risk-weighting requirements of and caps imposed under Basel III will have the practical impact of forcing small and mid-size banks out of the mortgage servicing business with a serious impact on those banks as well as their customers. The Committee expects to receive the study on the appropriate capital requirements for mortgage servicing assets that was required in the Consolidated Appropriations Act of 2016 (Public Law 114–113) within the statutorily mandated deadline.

*Custody Banks.*—The Financial Stability Oversight Council should examine regulatory approaches that may prevent custody banks from providing key services. For example, custody banks have a unique business model focused on providing services critical to the operation of mutual funds, pension funds, endowments and other institutional investors, including providing demand deposit accounts to hold these clients' cash. By necessity, the custody banks place such cash on deposit with the Federal Reserve and other central banks, rather than investing in loans or other higher yielding assets. Current and future regulatory focus on this essentially risk-less activity, possibly impeding custody banks' ability to provide traditional custody services, could have an adverse impact on financial stability by preventing custody banks from being able to accept cash deposits from their clients during a crisis, denying those clients a safe haven to preserve their capital and potentially worsening a run on the banking system.

*Guidelines for Pari-Mutuel Wagering.*—The Committee appreciates the Department of the Treasury's Proposed Rule (REG–132253–11) being published on March 4, 2015, along with an associated public hearing being held on June 17, 2015. The Committee encourages the Treasury to expedite final consideration of the guidance which would modernize the rules governing pari-mutuel wagering.

## CYBERSECURITY ENHANCEMENT ACCOUNT

Appropriations, 2016 .....	
Budget estimate, 2017 .....	\$109,827,000
Committee recommendation .....	47,743,000

## PROGRAM DESCRIPTION

The Cybersecurity Enhancement Account [CEA] is a new dedicated account designed to bolster the Department's cybersecurity posture and mitigate cybersecurity threats to the U.S. financial infrastructure.

## COMMITTEE RECOMMENDATION

The Committee recommends \$47,743,000 in Department-wide funding for focus on critical improvements to systems in the Treasury-wide budget activity identified in the congressional justification for this new account, including the Treasury Secure Data Network, the Fiscal Service Trusted Internet Connections, and the other systems that have been identified as High Values Assets. The funding will also support identification and protection of information systems; detection of threat actors; and response and recovery from cyber incidents. A portion of the resources will also support a dedicated innovation fund for evolving high impact cyber investments throughout the Department.

*Treasury Chief Information Officer Oversight.*—Cybersecurity remains one of the most significant challenges facing the Nation. Recent events have demonstrated that the Federal Government faces as array of cyber-based threats to its systems and data and the results have proven disastrous to millions of Americans. The Committee directs the Treasury CIO to review and approve each investment under the Cyber Security Enhancement Account and report to the Committees on Appropriations of the House and the Senate each quarter on the progress of each investment. In order to help ensure that the Treasury CIO retains control over the execution of these funds, the Committee recommendation does not permit transfers of funds from the Cybersecurity Enhancement Account and does not adopt the language in the request allowing these funds to be obligated and expended through allocation accounts available to individual offices and bureaus.

*Spend Plans.*—To improve oversight of these funds across the Department, the Committee directs the CIOs of each office and bureau of the Treasury to submit a spend plan for each prospective investment under this heading to the Treasury Department CIO for review. The Committee directs the Treasury CIO to review each investment submitted under the Cyber Security Enhancement Account heading to improve oversight of these funds across the Department; none of the funds under this heading will be available to fund such an investment without the approval of the Treasury CIO.

The Spend Plans should include how the investment will: enhance Department-wide coordination of cybersecurity efforts and improve the Department's responsiveness to cybersecurity threats; provide bureau and agency leadership with greater visibility into cybersecurity efforts and further encourage information sharing

across bureaus; improve identification of cyber threats and better protect information systems from attack; provide a platform to enhance efficient communication, collaboration, and transparency around the common goal of improving not only the cybersecurity of the Treasury Department, but also the Nation's financial sector. The spend plans should also detail the type of cybersecurity enhancement the investment represents, and the cost, scope, schedule of the investment, and explain how it complements existing cyber efforts.

#### DEPARTMENT-WIDE SYSTEMS AND CAPITAL INVESTMENTS PROGRAMS

##### (INCLUDING TRANSFER OF FUNDS)

Appropriations, 2016 .....	\$5,000,000
Budget estimate, 2017 .....	5,000,000
Committee recommendation .....	5,000,000

##### PROGRAM DESCRIPTION

The 1997 Treasury and General Government Appropriations Act established this account, which is authorized to be used by or on behalf of Treasury bureaus at the Secretary's discretion to modernize business processes and increase efficiency through technology investments, as well as other activities that involve more than one Treasury bureau or Treasury's interface with other Government agencies.

##### COMMITTEE RECOMMENDATION

The Committee recommends \$5,000,000 for Department-wide Systems and Capital Investments Programs [DSCIP] for fiscal year 2017.

The Committee notes that the DSCIP account has been utilized to fund a wide variety of multiyear initiatives. Given the complexity of these initiatives, the bill includes language in section 123 directing the Department of the Treasury to submit an annual Capital Investment Plan to the Committees on Appropriations within 30 days after the President's budget submission.

## OFFICE OF INSPECTOR GENERAL

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$35,416,000
Budget estimate, 2017 .....	37,044,000
Committee recommendation .....	37,044,000

## PROGRAM DESCRIPTION

As a result of the 1988 amendments to the Inspector General Act, the Secretary of the Treasury established the Office of Inspector General [OIG] in 1989.

The OIG conducts and supervises audits, evaluations, and investigations designed to: (1) promote economy, efficiency, and effectiveness and prevent fraud, waste, and abuse in departmental programs and operations; and (2) keep the Secretary and Congress fully and currently informed of problems and deficiencies in the administration of departmental programs and operations. The audit function provides program audit, contract audit, and financial statement audit services. Contract audits provide professional advice to agency contracting officials on accounting and financial matters relative to negotiation, award, administration, repricing, and settlement of contracts. Program audits review and audit all facets of agency operations. Financial statement audits assess whether financial statements fairly present the agency's financial condition and results of operations, the adequacy of accounting controls, and compliance with laws and regulations. These audits contribute significantly to improved financial management by helping Treasury managers identify improvements needed in their accounting and internal control systems. The evaluations function reviews program performance and issues critical to the mission of the Department. The investigative function provides for the detection and investigation of improper and illegal activities involving programs, personnel, and operations.

## COMMITTEE RECOMMENDATION

The Committee recommends \$37,044,000 for salaries and expenses of the Office of Inspector General. This amount is equal to the budget request and \$1,628,000 above the fiscal year 2016 enacted level.

The Committee directs the Inspector General to utilize funds provided to meet mandated audit requirements such as information security in addition to other prioritized work including Treasury's responsibilities as they relate to the implementation of anti-money laundering programs and the Community Development Financial Institutions Fund.

The Committee remains concerned about cyber-based threats and recent data breaches at Federal agencies. The Committee encourages the Inspector General to conduct oversight work on the potential vulnerability of Treasury's networks and systems including its physical security, continuous monitoring, and strong authentication.

As outlined in the Inspector General's recent audit plan, the Committee looks forward to reviewing work on the CDFI Fund's overall administration of grants awarded under the core program.

Specifically, the Committee hopes to learn more about whether funds are awarded to eligible recipients in accordance with applicable laws and regulations; whether the CDFI Fund has established and maintained internal control procedures and oversight over grants; and whether there is a process for measuring outcomes to ensure program objectives are achieved.

*Treatment of Employees of the Former Financial Management Service.*—The Committee instructs the Office of Inspector General [OIG] to continue monitoring the treatment of the employees of the Bureau of the Fiscal Service who were employees of the former Financial Management Service before the bureau was consolidated. The Committee remains concerned regarding employees being threatened or harassed, demoted, or pushed out of service through poor treatment by the Treasury Department.

## TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$167,275,000
Budget estimate, 2017 .....	169,634,000
Committee recommendation .....	169,634,000

## PROGRAM DESCRIPTION

The Treasury Inspector General for Tax Administration [TIGTA] was established by the IRS Restructuring and Reform Act of 1998 (Public Law 105-206). TIGTA was created to provide independent audit and investigative services necessary to improve the quality and credibility of oversight of the Internal Revenue Service [IRS] and ensure that the IRS is held to a high level of accountability.

TIGTA conducts audits, investigations, and inspections and evaluations to assess the operations and programs of the IRS and related entities, the IRS Oversight Board and the Office of Chief Counsel to (1) promote the economic, efficient, and effective administration of the Nation's tax laws and to detect and deter fraud and abuse in IRS programs and operations; and (2) recommend actions to resolve fraud and other serious problems, abuses, and deficiencies in these programs and operations, and keep the Secretary and Congress fully and currently informed of these issues and the progress made in resolving them.

The audit function provides program audit, limited contract audit, and financial audit services. Program audits review and audit all facets of the IRS and related entities in an effort to improve IRS systems and operations, while ensuring fair and equitable treatment of taxpayers. Contract audits focus on invoices/vouchers submitted to the IRS to determine whether charges are valid and to identify erroneous and improper payments. The investigative function provides for the detection and investigation of improper and illegal activities involving IRS programs and operations and protects the IRS and related entities against external attempts to corrupt or threaten the administration of the tax laws.

During fiscal year 2015, TIGTA recovered, protected, and identified monetary benefits totaling \$26,500,000,000, including \$17,400,000,000 in potential increased and protected revenue and \$9,100,000,000 in potential cost savings. In fiscal year 2015, TIGTA received 12,080 complaints, opened 2,726 investigations, and closed 2,797 investigations.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$169,634,000 for TIGTA. This amount is \$2,359,000 above the fiscal year 2016 enacted level and the same as the budget request. The Committee recognizes the expansive workload that TIGTA has assumed as well as considerable demands on its resources in order to be responsive to Congress. The Committee acknowledges the challenges TIGTA faces in adapting its oversight activities to address increasingly complex and high-risk issues associated with IRS operations, including protecting sensitive taxpayer data, detection and investigation of fraud and electronic crime, impersonation scams, and re-



view of procurement activities. The Committee recognizes that growth in the size and workload of the IRS generates concomitant increased work for TIGTA.

Since fiscal year 2011, TIGTA has designated the security of taxpayer data as the top concern facing the IRS based on the increased number and sophistication of threats to taxpayer information and the need for the IRS to better protect taxpayer data and improve its enterprise security program. The Committee appreciates the work TIGTA has performed on IRS's efforts to detect refund fraud by identity thieves and authenticate individual taxpayers' identities at the time tax returns are filed. In a report issued in November 2015, TIGTA found that when the IRS assessed the risk of the Get Transcript application, it rated the authentication risk associated with Get Transcript as low to both the IRS and taxpayers. As a result, the IRS implemented single-factor authentication to access the Get Transcript application. TIGTA also reported that the IRS did not complete the required authentication risk assessment of the Identity Protection Personal Identification Number. TIGTA's findings revealed additional attempts to clear the Get Transcript verification process and ultimately led to the IRS disabling these applications. The Committee remains concerned about IRS's implementation of its Future State vision and IRS's ability to implement the necessary security controls in its rush to make available electronic applications. The Committee appreciates TIGTA's work in this area and looks forward to reviewing TIGTA's work on evaluating the changes being considered for authenticating taxpayer access to their account information, particularly as the IRS re-launches Get Transcript and other electronic applications; the effectiveness of controls to mitigate threats to IRS systems; the security of data file transfers to third parties; and the effectiveness of controls to address cybersecurity incidents.

The Committee relies on TIGTA's annual assessment of the serious management challenges facing the IRS as it evaluates resource needs. The Consolidated Appropriations Act of 2016 provided the IRS with additional funding for customer service. The Committee looks forward to reviewing TIGTA's work on assessing IRS's process for allocating its customer service budget. The Committee appreciates the work TIGTA has completed on emerging issues in particular the IRS impersonation scams. The Committee understands that TIGTA has declared the scam the most pervasive in the history of the agency. The scam has affected thousands of victims in every state represented on the Committee with reported losses totaling close to \$36,500,000. The Committee is pleased to hear that TIGTA has made significant progress in its investigation of the IRS impersonation scam. The Committee urges TIGTA to continue to assist the IRS in improving its arsenal of tools to better serve innocent taxpayer victims of identity theft and other schemes.

The IRS's use of inappropriate criteria for selecting and reviewing applications for tax-exempt status is of continuing concern to both Congress and organizations seeking tax-exempt status. TIGTA recently reported that the IRS has taken actions to eliminate the selection of potential political cases based on names and policy positions, expedite processing of I.R.C. section 501(c)(4) social welfare



organization applications, and eliminate unnecessary information requests. As part of its review, TIGTA recommended that the IRS take action to improve the timing and execution of political campaign intervention training for relevant employees. The Committee appreciates TIGTA's diligent work on this important matter to ensure that applications for tax-exempt status are processed in a fair, impartial, and timely manner.

The Committee appreciates TIGTA's monitoring of the IRS's implementation of the Patient Protection and Affordable Care Act [ACA]. The ACA impacts individual and business taxpayers at all income levels, IRS compliance and enforcement programs, information reporting requirements, the administration of tax penalties, and information technology. The IRS's ability to ensure accurate tax returns are filed and information reported is correct is dependent on the timely receipt of information from exchanges, insurance providers, and employers. TIGTA has issued numerous reports related to the IRS's efforts to implement the Affordable Care Act tax provisions. The Committee looks forward to reviewing TIGTA's work on the effectiveness of the IRS's verification of employers' and individuals' compliance with minimum essential coverage requirements and IRS's efforts to improve the verification of Premium Tax Credit claims.

SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF  
PROGRAM

SALARIES AND EXPENSES

Appropriations, 2016 .....	\$40,671,000
Budget estimate, 2017 .....	41,160,000
Committee recommendation .....	41,160,000

PROGRAM DESCRIPTION

The Emergency Economic Stabilization Act (Public Law 110-343) established the Office of the Special Inspector General for the Troubled Asset Relief Program [SIGTARP] to perform audits and investigations of the Troubled Asset Relief Program [TARP].

COMMITTEE RECOMMENDATION

The Committee recommends \$41,160,000 for the SIGTARP for fiscal year 2017. The recommendation is \$489,000 above the fiscal year 2016 enacted level and equal to the budget request.

FINANCIAL CRIMES ENFORCEMENT NETWORK

SALARIES AND EXPENSES

Appropriations, 2016 .....	\$112,979,000
Budget estimate, 2017 .....	115,003,000
Committee recommendation .....	114,479,000

PROGRAM DESCRIPTION

The Financial Crimes Enforcement Network [FinCEN], a bureau within the Treasury Department's Office of Terrorism and Financial Intelligence, is the largest overt collector of financial intelligence in the United States. FinCEN's mission is to safeguard the financial system from the abuses of financial crime, including terrorist financing, money laundering, and other illicit activity. FinCEN accomplishes its mission by administering the Bank Secrecy Act, a collection of statutes that form the Nation's antimoney laundering/counterterrorist financing regulatory regime. As the delegated administrator of the Bank Secrecy Act, FinCEN is responsible for the development and implementation of regulations, rules, and guidance issued under the Bank Secrecy Act. FinCEN also oversees the work of eight Federal agencies with delegated responsibility to examine various sectors of the financial industry for compliance with the Bank Secrecy Act's requirements. FinCEN is responsible for collecting, maintaining, and disseminating the information reported by financial institutions under the Bank Secrecy Act through a Governmentwide access service. FinCEN is the United States' Financial Intelligence Unit [FIU] and a founding member of the Egmont Group of Financial Intelligence Units. As the United States' FIU, FinCEN routinely shares information and cooperates with other FIUs around the world to address the global problems of terrorist financing, money laundering, and other illicit activity.

COMMITTEE RECOMMENDATION

The Committee recommends \$114,479,000 for the Financial Crimes Enforcement Network [FinCEN]. The amount is \$1,500,000 above the fiscal year 2016 enacted level. The Committee's recommended funding is intended to sustain increased national security response capacity for FinCEN's intelligence analysis and reporting efforts to combat terrorist groups.

The recommended funding will also support several key FinCEN budget priorities, including targeting examination and enforcement efforts to high priority areas; expanding understanding and analysis of illicit networks, institutions, jurisdictions, and schemes, with emphasis on national security threats and terrorist groups; ensuring the Bank Secrecy Act regulatory structure effectively and efficiently targets illicit financing risks; managing the efficient collection, processing, and retrieval of Bank Secrecy Act data; and fostering strong public-private partnerships with the financial industry.

*Money Laundering of Cybercrime Proceeds.*—The Committee recognizes that major data security breaches are becoming more common and are often orchestrated by sophisticated cybercriminal enterprises that then monetize the data and launder it through U.S. financial institutions. The Committee notes FinCEN's history of supporting law enforcement cases that combat cybercrime, and emphasizes the importance of continuing this effort as part of the bureau's broader mission to detect and disrupt all forms of financial crime. In addition to analyzing financial flows for this important effort in the course of ongoing strategic operations, FinCEN shall use this data to ensure reporting institutions remain vigilant in detecting the laundering of cybercriminal proceeds by issuing an advisory to financial institutions on filing suspicious activity reports [SARs] regarding specific cybercriminal activities. The advisory should provide SAR filers a list of trends, typologies, and red flag indicators that may potentially signal cybercrime to be included in the narratives of relevant SAR filings.

TREASURY FORFEITURE FUND

(RESCISSION)

The Committee recommends a rescission of \$657,000,000 of unobligated balances in the Treasury Forfeiture Fund, of which \$328,000,000 are permanently rescinded.

## BUREAU OF THE FISCAL SERVICE

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$363,850,000
Budget estimate, 2017 .....	353,057,000
Committee recommendation .....	353,057,000

## PROGRAM DESCRIPTION

The mission of the Fiscal Service is to promote the financial integrity and operational efficiency of the U.S. Government through accounting, borrowing, collections, payments, and shared services. The Fiscal Service provides central payment services to Federal agencies and operates the Federal Government's collections and deposit systems in addition to providing Governmentwide accounting and reporting services, managing the collection of delinquent debt owed to the Federal Government, borrowing on behalf of the Federal Government, and providing support services for other Federal agencies on a reimbursable basis.

## COMMITTEE RECOMMENDATION

The Committee recommends \$353,057,000 for the Bureau of the Fiscal Service. This amount is equal to the budget request and \$10,793,000 below the enacted level due to one-time costs in fiscal year 2016 to support costs associated with the Digital Accountability and Transparency Act of 2014 [DATA Act]. The fiscal year 2016 DATA Act funds will remain available until fiscal year 2018 to support its implementation.

The Committee supports the Fiscal Service's goal of improving governmentwide financial management through transparency and accountability. The Committee provides funding for activities associated with maintaining consistent, reliable, and searchable governmentwide spending data on USASpending.gov.

*DATA Act.*—The Committee is aware of the Department of the Treasury's leadership role in implementing the DATA Act to date. The Department is directed to implement the law in a manner consistent with both statutory deadlines and the timelines indicated in the DATA Act Playbook, including by providing timely technical assistance to agencies.

*Consolidation Plan.*—The Committee acknowledges that the consolidation of the Bureau of the Public Debt and Financial Management Service into the new Bureau of the Fiscal Service has left some employees with uncertainty over their future, creating anxiety and low employee morale. The Committee directs the Bureau of the Fiscal Service to release a comprehensive consolidation plan, including the job functions that will be maintained at each location, within 180 days of enactment.

## ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$106,439,000
Budget estimate, 2017 .....	106,439,000
Committee recommendation .....	111,439,000

#### PROGRAM DESCRIPTION

The Alcohol and Tobacco Tax and Trade Bureau [TTB] is charged with collecting revenue and protecting the public and is responsible for enforcement of certain Federal laws and regulations relating to alcohol and tobacco. TTB works directly and in cooperation with others to maintain a sound revenue management and collection system that continues to reduce the regulatory burden, improve service, collect the revenue due, and prevent tax evasion and other criminal conduct. TTB is also responsible for preventing consumer deception, ensuring that regulated products comply with Federal commodity, safety, and distribution requirements, and providing customer service.

#### COMMITTEE RECOMMENDATION

The Committee recommends \$111,439,000 for TTB for fiscal year 2017. The Committee recognizes that TTB is tasked to enforce alcohol, tobacco, and firearms provisions in the Internal Revenue Code [IRC]. Within funds appropriated to the Department of the Treasury, the Committee urges the Secretary to prioritize alcohol and tobacco criminal enforcement by providing sufficient resources to TTB to combat tax evasion and enforce existing anti-illicit tobacco laws.

*Labeling Program.*—The surge of small brewers and wine makers emerging in the domestic market has also meant a rapid annual growth in the number of alcohol beverage label applications submitted to the TTB. In recent years, understaffing and outdated filing and processing procedures in the Bureau's labeling program caused significant delays in application approvals. These delays ultimately affected the ability of the applicants to get their product to the market in a timely manner. The Committee encourages the Bureau to make strategic investments that will further streamline the approval process to keep up with the volume of label applications and reduce delays.

*Trade Practice Enforcement.*—The Committee has included an additional \$5,000,000 for TTB to increase education and enforcement efforts for industry trade practices. The Committee is concerned by the loss of efforts to enforce the basic trade practice functions required under the Federal Alcohol Administration Act [FAA Act] and has directed additional funding to the agency for enforcement of the regulations under the FAA Act. These regulations protect the production, distribution, and sale of beverage alcohol which maintains an orderly and safe marketplace for the American consumer. The Committee directs the TTB to report to the Committees on Appropriations of the House and Senate, within 60 days of enactment of this act, on how the additional funding will be used to create greater awareness and enforcement in responding to the growing demand from stakeholders.

*Wine Label Accuracy.*—The Committee is aware that the Alcohol and Tobacco Tax and Trade Bureau is working to ensure that wine labels accurately reflect the use of American Viticulture Area terms. The Committee directs the Department to publish rule-making addressing this issue without delay.

## TREASURY FRANCHISE FUND

Appropriations, 2016 .....	
Budget estimate, 2017 .....	\$3,000,000
Committee Recommendation .....	

## PROGRAM DESCRIPTION

The Treasury Franchise Fund is revolving in nature and provides accounting, procurement, travel, human resources, and information technology services through its three business lines: the Administrative Resource Center [ARC], Fiscal IT, and the Shared Services Program [SSP]. Services are provided to Federal customers on a reimbursable, fee-for-service basis.

## COMMITTEE RECOMMENDATION

The Committee bill does not include funding for DATA Act implementation expenses that can be supported by the fund.

## UNITED STATES MINT

## UNITED STATES MINT PUBLIC ENTERPRISE FUND

## PROGRAM DESCRIPTION

The United States Mint manufactures coins, sells numismatic and investment products, and provides for security and asset protection. Public Law 104-52 established the U.S. Mint Public Enterprise Fund [the Fund]. The Fund encompasses the previous Salaries and Expenses, Coinage Profit Fund, Coinage Metal Fund, and the Numismatic Public Enterprise Fund. The Mint submits annual audited business-type financial statements to the Secretary of the Treasury and to Congress in support of the operations of the revolving fund.

The operations of the Mint are divided into two major activities: manufacturing and sales (including circulating coinage and numismatic and investment products); and protection. The Mint is credited with receipts from its circulating coinage operations, equal to the full cost of producing and distributing coins that are put into circulation, including depreciation of the Mint's plant and equipment on the basis of current replacement value. Those receipts pay for the costs of the Mint's operations, which include the costs of production and distribution.

## COMMITTEE RECOMMENDATION

The Committee recommends a spending level of \$20,000,000 for circulating coinage and protective service capital investments for the Mint.

## COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND PROGRAM  
ACCOUNT

Appropriations, 2016 .....	\$233,523,000
Budget estimate, 2017 .....	245,923,000
Committee recommendation .....	233,523,000

## PROGRAM DESCRIPTION

The Community Development Financial Institutions Fund makes investments in the form of grants, loans, equity investments, deposits, and technical assistance grants to new and existing community development financial institutions [CDFIs] through the CDFI program. CDFIs include community development banks, credit unions, venture capital funds, revolving loan funds, and microloan funds, among others. Recipient institutions engage in lending and investment for affordable housing, small business, and community development within underserved communities. The CDFI Fund administers the Bank Enterprise Award [BEA] Program, which provides a financial incentive to insured depository institutions to undertake community development financing activities.

## COMMITTEE RECOMMENDATION

The Committee recommends \$233,523,000 for the CDFI Fund. Of the amounts provided, \$171,423,000 is for financial and technical assistance grants, \$15,500,000 is for Native Initiatives, \$23,000,000 is for the Bank Enterprise Award Program, and \$23,600,000 is for the administrative expenses for all programs.

The Committee notes the CDFI Fund's ability to leverage private sector investment in community development projects such as affordable housing, retail development, and community centers, as well as lending to small businesses. However, the Committee remains concerned about an overall lack of transparency into many of the CDFI Fund's programs and nominal ability to verify investment impacts. The Committee is also concerned by reports that award recipients are infrequently held accountable for award usage that differs from its original location and purpose, as set forth by the recipient's approved application. The Committee strongly believes it is important to ensure that CDFIs are delivering investments to the borrowers and communities that need it most. It remains difficult to determine whether program goals are being achieved. The Committee provides \$1,000,000 for the development of tools to better measure and assess CDFI investment performance, improve data quality, and enable more efficient allocation of CDFI Fund resources.

The Committee expects to know how program funding generates meaningful community impacts. The Committee recognizes the CDFI Fund's recent efforts to establish common definitions around key impact measurements and encourages the Fund to continue its work in this area as well as on improving the quality and consistency of feedback from awardees. The Committee directs the Secretary to report to the Appropriations Committees within 90 days of enactment detailing the Fund's efforts to better collect and evaluate performance-related data, to better gauge the effectiveness of its efforts in underserved populations, including rural and non-metropolitan communities, and to better inform future decision-making.

*Core Program.*—The Committee recommends \$171,423,000 for the CDFI Fund to carry out its financial assistance and technical assistance programs, including the Healthy Food Financing Initiative. The Committee believes that applicants for CDFI awards



should receive fair and equal consideration, consistent with section 102 of the Riegle Community Development and Regulatory Improvement Act of 1994 (Public Law 103-325), including financial and technical assistance for lending and investment in small businesses, affordable housing, community development, and efforts to increase the availability of affordable, healthy foods in underserved communities. The core CDFI Program should be the source of awards allocations for these purposes. The Committee looks forward to reviewing work from the Inspector General on the CDFI Fund's overall administration of grants awarded under the core program. Specifically, the Committee hopes to learn more about whether funds are awarded to eligible recipients in accordance with applicable laws and regulations; whether the CDFI Fund has established and maintained internal control procedures and oversight over grants; and whether there is a process for measuring outcomes to ensure program objectives are achieved.

*Bank Enterprise Award Program.*—The Committee recommends \$23,000,000 for the Bank Enterprise Award [BEA] Program to increase lending, investment, and service activities within economically distressed communities. This program plays an important role in providing financial services to underserved communities across the country.

*Native Programs.*—The Committee recommends \$15,500,000 for grants, loans, and technical assistance and training programs to benefit Native American, Alaskan Natives, and Native Hawaiian communities in the coordination of development strategies, increased access to equity investments, and loans for development activities.

*Non-Metropolitan and Rural Areas.*—The Committee directs Treasury to take into consideration the unique conditions, challenges, and scale of non-metropolitan areas when designing programs to address economic revitalization and community development and when making CDFI award decisions. The Committee notes that the CDFI Fund is required by 12 U.S.C. 4706(b) to seek to fund a geographically diverse group of award recipients, including those from non-metropolitan and rural areas. In addition, the Committee directs funding to be used in each program for projects that serve populations living in persistent poverty counties in accordance with this act.

*Bond Guarantee Program.*—The Committee includes a provision enabling the Secretary of the Treasury to guarantee up to \$500,000,000 in bonds in fiscal year 2017, as authorized by section 1134 of the Small Business Jobs Act of 2010 (Public Law 111-240). The bond guarantees will not result in a cost to the taxpayer. The bonds are intended to support CDFI lending and investment activities in underserved communities by providing a source of long-term capital, and the funds raised through the bonds will be used to capitalize new loans or refinance existing loans.

#### BUREAU OF ENGRAVING AND PRINTING

##### PROGRAM DESCRIPTION

The Bureau of Engraving and Printing [BEP] has been the sole manufacturer of U.S. paper currency for almost 150 years. The ori-



gin of the BEP is traced to an act of Congress passed on February 25, 1862, 12 Stat. 345, authorizing the Secretary of the Treasury to issue a new currency—United States notes. While this law was the cornerstone authority for the operations of the engraving and printing division of the Treasury for many years, it was not until an Act of June 20, 1874, 18 Stat. 100, that the Congress first referred to this division as the “Bureau of Engraving and Printing.” The Bureau’s status as a distinct bureau within the Department of the Treasury was solidified by section 1 of the Act of June 4, 1897, 30 Stat. 18, which placed all of the business of the BEP under the immediate control of a director, subject to the direction of the Secretary of the Treasury. The 1897 law is now codified in 31 U.S.C. 303.

The BEP designs, manufactures, and supplies Federal Reserve notes and other security documents issued by the Federal Government. The operations of the BEP are currently financed by means of a revolving fund established in accordance with the provisions of Public Law 656, August 4, 1950 (31 U.S.C. 181), which requires the BEP to be reimbursed by customer agencies for all costs of manufacturing products and services performed. The BEP is also authorized to assess amounts to acquire capital equipment and provide for working capital needs. No direct appropriation is required to cover the activities of the BEP.

The Bureau of Engraving and Printing [BEP] prints billions of Federal Reserve notes each year at its production facilities in Washington, DC and Fort Worth, Texas. The Committee recognizes that the age and structural design of the Washington, DC facility causes production inefficiencies and limits the options available to the BEP in acquiring and installing new manufacturing equipment needed to print the next generation of currency. The Committee directs the BEP, in consultation with the General Services Administration, to submit to the Committee, within 180 days of the date of enactment of this act, a report on the feasibility of constructing a smaller, more efficient and flexible production facility in the National Capital Region to replace its current DC facility. The report should include an explanation of the operational and security benefits of a new production facility and the anticipated costs and construction schedule.

INTERNAL REVENUE SERVICE  
PROGRAM DESCRIPTION

The Internal Revenue Service [IRS] administers the Nation's tax laws and collects the revenue that funds more than 92 percent of the Federal Government's operations and public services. The IRS's mission is to provide taxpayers with quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all. The IRS focuses its enforcement programs toward increasing voluntary tax compliance by deterring taxpayers inclined to evade their tax obligations while vigorously pursuing those who violate the law. Each year, IRS employees deal directly with more American taxpayers than any other institution, public or private.

Unfortunately, the IRS does not seem to have its priorities in order. The Committee remains concerned about IRS's Future State vision where taxpayers will rely on online services for their IRS interactions. According to the National Taxpayer Advocate, the vision essentially eliminates IRS-taxpayer personal interaction with online and third-party interactions except in the context of enforcement actions. What is lost in this vision of the future is the interest and relationship with actual taxpayers. While some evolution in service delivery can be expected, it is the IRS's ability to manage that change without adversely impacting taxpayers that is most worrisome. This is of particular concern given the recent revelation that in the rush to expand online services, the IRS made fundamental mistakes in assessing risks to its online systems which resulted in over 700,000 taxpayers being exposed to the potential of identity theft and refund fraud, many more than were first reported by the IRS.

The IRS continues to ignore the impact of its own behavior on the attitudes of taxpayers. When the IRS takes actions that represent a serious breach of the trust of the American people, it undermines taxpayers' faith in the impartiality of the agency. The self-inflicted damage harms the very credibility that is essential for our voluntary compliance system to function. Americans have lost faith in the institution and it is incumbent upon the agency to regain the trust of the taxpayers.

Unfortunately there continues to be evidence of a culture that is simply out of touch with taxpayers and their concerns. When the IRS singles out certain groups for disparate treatment it should not be surprised by the lasting impact such actions have on taxpayer attitudes. When the IRS hires employees with past performance or conduct issues, it does nothing to maintain the public trust in tax administration or build confidence in the IRS's ability to safeguard taxpayer's rights and privacy.

Making employee bonuses a priority does not help the IRS regain the trust of taxpayers or raise confidence that the agency will enforce tax laws impartially, without regard to an individual's exercise of their constitutional rights. As was the case in the previous fiscal year, in 2016 one of the IRS's first actions after the enactment of their appropriations bill was to announce they would pay out \$51,000,000 in awards to employees.

Once again, the IRS management seems to have forgotten that their most important customers aren't their own employees. They are the American people. This is particularly evident with respect to taxpayer services. The Committee is concerned about the IRS's willingness to cut services to taxpayers in an effort to garner support for increased resources. The Committee notes that given specific direction and a requirement from Congress to the IRS in fiscal year 2016, the IRS has taken steps to improve taxpayer services. Unfortunately, without this specific direction, the IRS would not have made taxpayer services a priority. The Committee provides the IRS with funds through four appropriations. While some funds are designated for some specific taxpayer assistance programs within those amounts, the IRS has significant discretion as to how to apportion its funds to meet agency requirements. In addition, in fiscal year 2016 the IRS had over \$1,000,000,000 available in additional resources, including over \$500,000,000 in user fees to supplement its appropriation. The IRS expects to collect \$400,000,000 in user fees in fiscal year 2017, over half of which it plans to use to supplement its operations support account.

Unfortunately, the IRS continues to take actions that demonstrate its inability to be transparent about its available resources and flexibility. Just recently the IRS announced its intent to hire 600 to 700 enforcement officers. In a memo to employees the IRS Commissioner stated that the IRS's budget is allocated to four specific areas and when funding is available in one area the IRS is required to spend it in that area. The Commissioner is well aware of the transfer and reprogramming authority provided by Congress, yet failed to omit this fact in his statement to employees.

The Committee continues to be concerned with the IRS's role in the implementation of ACA. IRS has stated that the tax provisions of ACA are a core activity, like all other tax administration. However, concerns have been raised about potential fraudulent claims related to premium tax credits and the security of Federal tax data as the IRS provides data to health exchanges. According to the Government Accountability Office [GAO], from 2010 to 2015, the IRS has already spent \$1,600,000,000 on implementation of ACA. More troubling is the fact that the IRS is requesting \$402,400,000 for ACA, almost double the amount (\$204,600,000) spent in fiscal year 2016. The IRS continues to make ACA a priority by dedicating a large share of user fees to support ACA implementation.

#### COMMITTEE RECOMMENDATION

The Committee recommends a total of \$11,235,000,000 for the Internal Revenue Service for fiscal year 2017, equivalent to the fiscal year 2016 enacted level. The Committee continues prior language requiring \$290,000,000 be used for measurable improvements to taxpayer services, cybersecurity, and the resolution of identity theft cases.

*Future State Vision.*—IRS's future state vision of the tax administration system is to promote and improve voluntary compliance by delivering better service to more people at a lower cost through less IRS-taxpayer personal interaction and greater online and third-party interactions. According to the Commissioner, "when it costs between \$40 and \$60 to interact with a taxpayer in person,

and less than \$1 to interact online, we must reexamine how to best provide the best possible taxpayer experience, in response to taxpayer expectations and demands.” Security concerns aside the IRS has not demonstrated that it has analyzed the consequences of its vision and the impact it will have on taxpayers. Additionally, it is unclear what research IRS conducted to understand taxpayer needs. According to the National Taxpayer Advocate, gradual automation actually has resulted in increased demand for person-to-person service.

*User Fees.*—Numerous user fees are collected by the IRS for services provided by the IRS to taxpayers. Specifically, IRS charges user fees for various activities that include assisting taxpayers in complying with their tax liabilities, clarifying the application of the tax code to particular circumstances, and ensuring the quality of paid preparers of tax returns, among others. Those fees are available for use by the IRS at the discretion of the Commissioner. According to the IRS, it determines the use of user fees based on agency-wide requirements given the total IRS funding availability. In fiscal year 2015, transfers of user fees (\$454,000,000) accounted for 3.8 percent of total available resources (\$11,976,000,000). IRS carried over an unobligated balance of \$194,000,000 in user fees from fiscal year 2015 available for obligation in fiscal year 2016. Despite the flexibility IRS has in allocating fees, from fiscal years 2014 to 2015, IRS increased transfers to Operations Support by \$171,000,000, and decreased transfers to Taxpayer Services by \$139,000,000. In its fiscal year 2017 budget request, IRS estimates user fees of \$400,000,000 will supplement its fiscal 2017 funding. As evidence of its priorities, in fiscal year 2016 the IRS anticipates spending more than half of its user fees on ACA information technology needs. The Committee directs IRS to submit a user fee spending plan within 60 days of enactment detailing planned spending on its four appropriations accounts—Taxpayer Services, Enforcement, Operations Support, and Business Modernization Systems. Specifically, the Committee would like to see how programs, investments, and initiatives funded through each appropriations account are supported by user fees.

*Cybersecurity.*—The IRS is responsible for safeguarding a vast amount of sensitive financial and personal data, processing returns that contain confidential information for over 100 million taxpayers. Persistent information security weaknesses put the IRS at risk of disruption, fraud, or inappropriate disclosure of sensitive information. GAO recently reported that IRS had not always effectively implemented access and other controls, including elements of its information security program, to protect the confidentiality, integrity, and availability of its financial systems and information. These weaknesses, some of which were recently identified increase the risk that taxpayer and other sensitive information could be disclosure or modified without authorization. Given the recent breaches to taxpayer data, it is clear IRS cannot afford to have taxpayer information misused, improperly disclosed, or destroyed. Securing IRS’s systems and protecting taxpayers’ information should be a top priority for IRS.

*Employee Performance and Conduct.*—The Committee continues past language acknowledging that the IRS must ensure that its

employees comply with the tax law in order to maintain the public's confidence. The Committee is deeply concerned about employees who fail to file taxes in a timely manner and claim tax credits for which they are ineligible. The Committee agrees with TIGTA that rehiring employees with known conduct and performance issues presents increased risks to the IRS and taxpayers. The Committee notes H.R. 3724 was introduced to prohibit the IRS from rehiring employees who were previously fired for misconduct or job performance-related issues.

*Budget Presentation for Staffing of New Initiatives.*—The Committee strongly believes that transparency in the budget request documents is critical for congressional oversight and informed decisionmaking. The Committee directs that the justification materials submitted by the IRS to the Committee for fiscal year 2018 should accurately reflect the anticipated hiring dates for staff identified for proposed new initiatives. The Committee expects that resources designated for hiring of staff for new initiatives be predicated on the expected hiring dates, and not assume that such planned hiring will occur on one particular date during the fiscal year. The Office of Management and Budget Circular A-11 suggests agencies consider delays in recruiting and hiring when budgeting for staff.

#### TAXPAYER SERVICES

Appropriations, 2016 .....	\$2,156,554,000
Budget estimate, 2017 .....	2,406,318,000
Committee recommendation .....	2,156,554,000

#### PROGRAM DESCRIPTION

The Taxpayer Services appropriation provides for taxpayer services, including forms and publications; processing tax returns and related documents; filing and account services; taxpayer advocacy services; and assisting taxpayers to understand their tax obligations, correctly file their returns, and pay taxes due in a timely manner.

#### COMMITTEE RECOMMENDATION

The Committee recommends \$2,156,554,000 for Taxpayer Services. Bill language is included providing not less than \$8,000,000 for the tax counseling for the elderly program, not less than \$12,000,000 for low-income taxpayer clinic [LITC] grants, not less than \$15,000,000, to be available for 2 years, for a community volunteer income tax assistance [VITA] matching grant program for tax return preparation assistance and \$206,000,000 for the Taxpayer Advocate Service of which \$5,000,000 shall be devoted to assisting taxpayers impacted by tax-related identity theft and refund fraud.

Providing quality taxpayer service is a critical component of the IRS's efforts to help the taxpaying public understand their tax obligation while making it easier to participate in the tax system. The Committee notes that the IRS has flexibility in how it allocates user fees as well as transfer authority among appropriations accounts. In fiscal year 2015, the IRS allocated fewer user fees to Taxpayer Services, representing about a 75 percent decline from



fiscal year 2014, while increasing user fees to its Enforcement and Operations Support accounts. The Consolidated Appropriations Act of 2016 provided an additional \$290,000,000 to the IRS appropriations accounts, of which the IRS spent \$178,422,000 to improve the customer service representative level of service rate from the Taxpayer Services and Operations Support accounts. The Committee encourages the IRS to use resources available through user fee revenues to augment the direct discretionary appropriation for Taxpayer Services to enhance filing and account services to taxpayers and resolution of identity theft cases.

*Future State Vision.*—As part of the IRS's Future State vision, taxpayers will have a variety of service options with an emphasis on online tools and support, and will be able to obtain service when and where they want it. According to the Taxpayer Assistance Blueprint, taxpayers generally prefer self-assisted services, such as those found on the IRS Web site, for tasks like getting a form or a publication or getting information on their refund. Taxpayers prefer assisted services, such as those available by telephone or at IRS's Taxpayer Assistance Centers [TACs], for more complex interactive tasks like responding to a notice. Overall, several factors influence which service channel taxpayers prefer to use, including the specific type of service sought, demographic characteristics, channel awareness, channel access, taxpayer attitudes, and previous behavior. The National Taxpayer Advocate recommended that the IRS make its Future State plan public and seek comments from taxpayers, practitioners, and others. To date, the IRS has not done so. The Committee is concerned about IRS's rush to be a digital agency in light of the breach to "Get Transcript" which resulted in having to take the service offline.

The Committee is troubled by recent TIGTA reporting findings that the IRS failed to identify and assist all individuals potentially affected by the Get Transcript breach. Specifically, TIGTA found that the IRS failed to send over 620,000 notification letters and place identity theft markers on those taxpayer accounts. The IRS also failed to issue IP PINs and provide free credit monitoring to over 79,000 individuals potentially affected by the breach. Although the IRS responded that it has since taken action to send notification letters and flag taxpayer accounts, the IRS did not do so until the conclusion of the 2016 filing season thus leaving those accounts at an increased risk of fraud. Further, the IRS did not take action to issue IP PINs to the subset of potentially affected individuals. The Committee strongly encourages the IRS to take the necessary steps in responding to all of TIGTA's recommendations, including adapting a consistent policy for flagging taxpayer accounts and providing the necessary protections particularly in light of the IRS's re-launch of Get Transcript and other online applications.

The Committee is pleased that the IRS is engaged with Treasury's Digital Service Team in working towards establishing a secure re-launch of "Get Transcript" and future online self-service functionality for taxpayers. However, the Committee is troubled that the successful completion rate for accessing "Get Transcript" and other online service functions is expected to be low. Not all taxpayers have mobile phones or can pass a financial verification [IRS internal employee testing found a 3 in 4 pass rate). The Committee

directs the IRS to submit a written report, prepared in consultation with the National Taxpayer Advocate, to the Senate and House Committees on Appropriations, the Senate Committee on Finance, and the House Committee on Ways and Means that among other things describes the usage of and future plans for online taxpayer accounts, including the number and percentage of taxpayers who attempted to create an account and were unable to do so, describes at which stage the taxpayers failed to meet authentication requirements or stopped trying, and includes a demographic analysis of the taxpayers who succeeded in and failed at creating online accounts, including income, family size, and geographic location. For taxpayers who were successful in creating an online account, the report should also describe the frequency and purpose of use, and the type of transaction. This report is due 1 year from the date on which the online account is made available for public use. The Committee further expects the IRS to keep the Committee informed of its reevaluation of the secure access process and its access rates over time.

*Telephone Level of Service.*—The Committee acknowledges that telephonic access to the IRS is important to promoting voluntary compliance. IRS has stated that sustained reductions in funding have led to a long-term decline in the telephone level of service. The Consolidated Appropriations Act of 2016 provided an additional \$290,000,000 to the IRS. IRS utilized \$176,622,000 of this investment in Taxpayer Services to achieve a 65 percent LOS during the filing season and 47 percent for the full year. The Committee is pleased with the level of service reported during the filing season and expects the IRS to allocate its fiscal year 2017 appropriated resources in a manner that reflects taxpayer services as a top priority.

*Taxpayer Assistance Centers.*—IRS Taxpayer Assistance Centers have traditionally served as a local resource to taxpayers, where they can ask pre-filing questions, obtain forms or publications, and resolve post-filing or other account issues. Forms have also been available through the Tax Forms Outlet Programs [TFOP] at local libraries, post offices, and other community sites. TACs play an important role in meeting the needs of underserved taxpayers, including rural, elderly, minority, disabled and low-income populations. However, of the over 380 TACs locations operating nationally, 67 TACs are currently staffed by only one person, resulting in extremely inconsistent service and effective closures of many offices due to staff attrition and other issues. In addition, the IRS estimates that the number of taxpayers it will assist at its TACs will continue to decrease. The IRS assisted 5.6 million taxpayers in fiscal year 2015 and plans to assist 4.7 million taxpayers in fiscal year 2016, which represents a 16 percent decline from fiscal year 2015.

The Committee is concerned with a growing number TAC closures and long wait times. In response, the IRS has said that taxpayers can get answers to many of their tax questions, tax forms and publications and much more by visiting IRS.gov. The shift to Internet-based services is a key element of the IRS's "Future State" plans, yet a Pew Research Center study published in 2015 found the percentage of American adults who do not use the Internet is

about 16 percent, and the Taxpayer Advocate has cited other research showing large percentages of Americans who are not comfortable conducting financial transactions online. The IRS "Future State" vision does not offer any clear plan to provide efficient, cost-effective in-person or telephone service to taxpayers with pre-filing and post-filing questions.

Additionally, the IRS also made abrupt and significant changes to the TFOP, and the forms and instructions available in participating libraries, post offices and some congressional offices. Citing the need for further cost savings, the IRS reduced by more than half the number of forms and instructions sent through the TFOP program and with little notice prior to tax season. For underserved taxpayers including rural, elderly, minority, disabled and low-income populations these programs and services are often their only options to receive assistance or guidance from the IRS. The IRS, like all Federal agencies, face difficult decisions while operating in an austere fiscal environment. However, the IRS's decision to reduce taxpayer services has disproportionately impacted underserved taxpayers making it difficult for them to efficiently and accurately pay their annual taxes. The Committee agrees with the National Taxpayer Advocate and encourages the IRS to serve walk-in taxpayers in addition to taxpayers with advance appointments and utilize compliance personnel within commuting distance (including revenue agents and revenue officers) to handle overflow taxpayer demand, particularly during the filing season; accept tax payments from taxpayers without appointments and date-stamp returns for walk-in taxpayers who so request (e.g., a date-stamp may be needed to get a lien release or otherwise to show proof of filing by a particular date); and maintain a stock of Form 1040-series forms and instructions particularly during the filing season that taxpayers may pick up without charge. The Committee notes that in Filing Season 2015 the IRS discontinued distribution of printed Publication 17. The Committee notes that there is a cost associated with printing and mailing publications for every paper filer but does not agree with the IRS's decision to discontinue access to taxpayers that rely on Publication 17. Therefore, the Committee directs the IRS to maintain a stock of Publication 17 in TACs, including participating libraries and post offices and provide the publication free of charge to taxpayers who request it by phone.

*Rural Service Delivery Issues.*—Given the significant wait times and deteriorating rate of response for assistance provided through the national toll-free line, it is imperative that the IRS offer personal and local taxpayer assistance. The Committee notes with concern that both the overall number of TACs declined and the number of TACs currently staffed with only one employee continues to increase, often resulting in effective closures of the sites. While the IRS has created virtual customer service sites in some locations, the technical and financial requirements of these sites have not been made widely available.

The Committee is concerned that the actions taken by the IRS and the proposed "Future State" of service leave rural taxpayers reliant on paid preparers or unable to obtain timely and accurate assistance with pre- and post-filing questions. The Committee notes that the IRS has not sought congressional or public comment on its



plans or offered any alternatives to meet the needs of taxpayers. To rectify this situation, the Committee directs the IRS to hold a public forum in the affected community before closing any TAC and notify the Senate and House Committees on Appropriations. In addition, the IRS is directed to report to the Committee the strategic plan to improve all taxpayer services for rural, elderly, minority, disabled and low-income populations, including specific plans on its decisionmaking process for closing TACs and how it plans to provide alternative services. As part of this strategic planning process, the IRS is further directed to outline its plans for soliciting and incorporating public input into its "Future State" planning.

*IRS Impersonation Scams.*—According to TIGTA, more than 950,000 Americans have been targeted by an IRS impersonation scam, with 12,000 to 13,000 people submitting complaints every week as of December 2015. Additionally, more than 6,400 Americans have lost a total of at least \$36,500,000 as of May 2016 to this scam. Given the ubiquitous nature of this scam, the Committee commends the work that TIGTA has done thus far to combat these scams and encourages IRS to work with TIGTA on ways to increase awareness of this scam.

The IRS has once again lost credibility with taxpayers by going against its own policy on initiating contact with taxpayers. The IRS has stated publicly on numerous occasions that the real IRS will not initiate contact with taxpayers by phone, email, text or social media to ask for personal or financial information. Just after issuing these notices, in response to a Taxpayer Advocate public forum, the IRS admitted that during some audits the IRS may contact the taxpayer or their representative by phone to schedule an appointment to begin the audit. The Committee expects the IRS to take a stance on its policy to initiate contact with taxpayers and not deviate from this policy. The Committee also expects the IRS to educate taxpayers on exactly how and when they should expect to hear from the IRS so that taxpayers know what to expect. The IRS should also ensure that protocols for its outsourced tax collection services are equally protective of taxpayers and their rights.

*Taxpayer Services in Alaska and Hawaii.*—Given the remote distance of Alaska and Hawaii from the U.S. mainland and the difficulty experienced by Alaska and Hawaii taxpayers in receiving needed tax assistance by the national toll-free line, it is imperative that the Taxpayer Advocate Service Centers in these States are appropriately staffed and capable of resolving taxpayer problems of the most complex nature. The Committee directs the IRS to continue to staff each Taxpayer Advocate Service Center in each of these States with a Collection Technical Advisor and an Examination Technical Advisor in addition to the current complement of office staff.

*Community Volunteer Income Tax Assistance.*—The Volunteer Income Tax Assistance [VITA] and Tax Counseling for the Elderly [TCE] programs are an important aspect of IRS efforts to provide income tax preparation assistance programs for underserved taxpayers, including rural, elderly, disabled, English as a second language, American Indian, and low-income taxpayers. According to the National Taxpayer Advocate, in fiscal year 2015, VITA and TCE programs prepared approximately 3.58 million returns, an in-

crease of about 10 percent over fiscal year 2013 levels, before the IRS eliminated return preparation at the TACs. With the elimination of tax return preparation services at TACs, it is critical that the IRS provide adequate support for VITA and TCE sites so that taxpayers can obtain free tax return preparation assistance to meet their reporting obligations and comply with the tax laws. The Committee highlights a 2013 TIGTA recommendation for VITA and TCE volunteer instructors, return preparers, audit reviewers, and site coordinators to complete intake/interview and quality review training annually. The Committee urges the IRS to ensure that the sites are equipped with sufficient and properly trained volunteers.

*Taxpayer Survey.*—The Committee believes that effective tax administration requires that taxpayers understand from the outset what they need to do to comply with the tax laws, and that effective taxpayer service is key to taxpayer compliance and building public trust in the IRS. Accordingly, the Committee supports the National Taxpayer Advocate's development and delivery of a survey to determine the willingness and ability of individual taxpayers to obtain and utilize IRS taxpayer service, and to identify the extent to which IRS services and practices promote or serve as barriers to tax compliance. The Committee supports the work undertaken by the National Taxpayer Advocate and the IRS in developing the Services Priority Project, a method of ranking core taxpayer service offerings by value to the taxpayer and value to the IRS. The Committee believes this ranking tool and the survey results will assist the IRS and Congress in allocating IRS resources in the most effective and cost-efficient manner. The Committee directs the IRS to submit a written report, prepared in consultation with the National Taxpayer Advocate, to the Senate and House Committees on Appropriations, the Senate Committee on Finance, and the House Committee on Ways and Means that provides recommendations for optimizing taxpayer service offerings based on the Service Priorities Project, ranking methodology for major taxpayer service activities developed collaboratively by the Wage & Investment Operating Division and the Taxpayer Advocate Service.

#### ENFORCEMENT

Appropriations, 2016 .....	\$4,860,000,000
Budget estimate, 2017 .....	4,984,919,000
Committee recommendation .....	4,860,000,000

#### PROGRAM DESCRIPTION

The Enforcement appropriation provides for the examination of tax returns, both domestic and international; the administrative and judicial settlement of taxpayer appeals of examination findings; technical rulings; monitoring employee pension plans; determining qualifications of organizations seeking tax-exempt status; examining tax returns of exempt organizations; enforcing statutes relating to detection and investigation of criminal violations of the 31 internal revenue laws; identifying underreporting of tax obligations; securing unfiled tax returns; and collecting unpaid accounts.

## COMMITTEE RECOMMENDATION

The Committee recommends \$4,860,000,000 for enforcement activities for fiscal year 2017.

*Combating Refund Fraud and Identity Theft.*—Tax-related identity theft continues to plague the IRS. The Committee is deeply alarmed at the scale of tax fraud connected to identity theft and at the continued absence of a solution to protect tax filers from fraud. The data breach to IRS's Get Transcript and identity protection personal identification number [IP PIN] service highlights the importance of the need to mitigate identity theft and combat refund fraud. TIGTA has consistently ranked protection of taxpayer data as one of the highest priority challenges facing the IRS while GAO has reported on persistent deficiencies in IRS's internal controls. To provide relief to victims of identity theft, the IRS began issuing IP PINs to eligible taxpayers in fiscal year 2011. IRS's policy was to mail IP PINs to eligible taxpayers but for those that lost their IP PIN, IRS provided a Web-service to retrieve this pin. IRS abruptly suspended this service due to security weakness that allowed criminals to retrieve an already assigned IP PIN and a file fraudulent tax return using that IP PIN. In a report issued in November 2015, TIGTA found IRS's online Get Transcript and IP PIN applications provided only single-factor authentication despite NIST standards requiring multifactor authentication for high-risk applications. The IRS now knows that the authentication risk was in fact high to both the IRS and taxpayers and should have required multifactor authentication. The Committee directs the IRS to establish, as a top priority, stronger security measures to protect all tax filers before identity theft occurs, as well as reliable measures to protect tax filers who experience identity theft. The IRS should specifically consider the recommendations of the Treasury Inspector General for Tax Administration, GAO, and the national taxpayer advocate, including recommendations for multi-factor authentication and other measures to ensure a more secure online process for Americans to file taxes free from threat of theft, and to report back to the Committee on Appropriations within 90 days, documenting its plans to address this problem.

In the 2015 report to Congress, The National Taxpayer Advocate has reported that the IRS has grappled to find the best approach for working identity theft cases. As of the end of September 2015, the IRS had over 600,000 identity theft [IDT] cases with taxpayer impact in its inventory, up nearly 150 percent from September 2014. In fiscal year 2015, the IRS changed course and reorganized its identity theft victim assistance functions, centralizing them under one umbrella within the Wage and Investment [W&I] division. The National Taxpayer Advocate recommended that identity theft victims with multiple issues should be assigned a sole IRS contact person who would interact with them throughout and oversee the resolution of the case, no matter how many different IRS functions need to be involved behind the scenes. Identity theft victims must substantiate their identity with the IRS, file various forms, and wait months or even years to receive their tax refunds and unwind the account issues. Recognizing the pervasive and growing problem of tax-related identity theft and understanding

the need to assist taxpayers with this issue in a simple and timely manner, the Committee directs the IRS to assign cases of identity theft victims with a sole point of contact at the IRS regardless of the many IRS functions that may need to be involved in order to resolve the issue for the taxpayer and report on the full cycle time for resolving IDT cases.

The Committee is deeply concerned about recent testimony from the IRS Commissioner during a Senate Finance Committee hearing that the IRS doesn't inform victims when illegal immigrants use their Social Security numbers to obtain employment and then file false information on their W-2 forms. The IRS Commissioner responded that the agency does not take enforcement actions against illegal immigrants who use other people's Social Security numbers to get jobs and then file their tax returns using their own IRS-issued individual taxpayer identification numbers. Soon thereafter, the IRS stated it would reverse its standard operating procedure by January 2017, when the IRS will begin informing victims of employment-related identity fraud. The Committee believes these victims deserve greater transparency. The Committee notes that an amendment to the Taxpayer Protection Act of 2016 was recently introduced that requires the IRS to notify victims of employment-related identity theft.

*Processing of Applications for Tax-Exempt Status.*—The Committee strongly believes that meaningful, transparent, and sustained corrective action is warranted to restore any erosion of public trust in the IRS, strengthen the agency, and prevent any recurrence of the circumstances that led to the use of inappropriate case screening criteria in the handling of applications for certain tax-exempt groups based on their political beliefs. In March 2015, TIGTA assessed IRS's actions in response to its 2013 recommendations to improve the identification and processing of applications for tax-exempt status involving political campaign intervention. TIGTA's report found that IRS implemented significant changes to the process for reviewing applications for tax-exempt status. The Committee notes language was included in the Consolidated Appropriations Act of 2016 restricting the use of Federal funds to develop new IRS regulations covering section 501(c)(4) and that the same language is continued in this bill.

*Preventing Payroll Tax Fraud.*—The Committee recognizes that many employers outsource payroll and related tax duties to third-party payroll service providers to help assure filing deadlines and deposit requirements are met and streamline business operations. While most payroll service providers are trustworthy, failures can pose devastating financial setbacks for multiple clients, particularly small businesses. The Committee is aware that the National Taxpayer Advocate has recommended an array of practical solutions to address this persistent problem, including more effective early detection of potential fraud; registration, certification, and bonding requirements for third-party payroll tax services; restrictions on changing addresses of record; and greater consideration of offers in compromise to assist defrauded businesses with relief from tax liability. The Committee retains an administrative provision enacted for fiscal year 2016 which requires that the IRS issue a notice of confirmation of any address change relating to an employer making

employment tax payments; that such notice shall be sent to both the employer's former and new address, and requires that an officer or employee of the IRS shall give special consideration to an offer-in-compromise from a taxpayer who has been the victim of fraud by a third party payroll tax preparer.

*Prisoner Tax Refund Fraud.*—The Committee is concerned about growth in tax refund fraud. In 2014, TIGTA reported that refund fraud associated with prisoner Social Security numbers remained a significant problem for tax administration. According to a September 2014 TIGTA report, the number of fraudulent tax returns filed using a prisoner's Social Security number that were identified by IRS increased from approximately 37,000 tax returns in calendar year 2007 to more than 137,000 tax returns in calendar year 2012. The refunds claimed on these tax returns increased from \$166,000,000 to \$1,000,000,000. The Committee looks forward to reviewing the results of TIGTA's report underway on IRS's efforts to address prisoner fraud.

*Earned Income Tax Credit Fraud.*—GAO has highlighted the persistent problems with improper earned income tax credit [EITC] payments for years, and it is a factor underlying their designation of IRS Enforcement of Tax Laws as a high-risk area. The Office of Management and Budget has declared the Earned Income Tax Credit Program to be the only IRS revenue program fund at high risk for improper payments. The IRS estimates that 23.8 percent (\$15,600,000,000) of EITC payments made in fiscal year 2015 were paid in error. According to the Department of the Treasury, the complexity of the tax law around the EITC and the significant annual turnover within the participating population makes it difficult to set meaningful improper payment reduction targets. The Committee is concerned that billions of dollars are wasted every year because the IRS has little ability to monitor overpayments or prevent EITC payments to ineligible recipients. The Committee is encouraged by the IRS's efforts to convene an EITC Summit as it seeks input on ways to reduce EITC noncompliance from stakeholders. The Committee believes a coordinated and comprehensive approach is needed to reduce erroneous EITC payments and looks forward to hearing the suggestions provided during the Summit.

*Addressing Fraud and Filing Errors in Refundable Credit Programs.*—In addition to the EITC, the Department of Treasury required the IRS to evaluate the fiscal year 2015 improper payment risk for two other large refundable credits, the Additional Child Tax Credit [ACTC] and the American Opportunity Tax Credit [AOTC]. TIGTA recently reported that the potential ACTC improper payment rate for fiscal year 2015 was 24.2 percent, with potential improper payments totaling \$5,700,000,000, and estimated that the potential AOTC improper payment rate for fiscal year 2015 was 30.7 percent, with potential improper payments totaling \$1,800,000,000.

*Affordable Care Act Fraud.*—ACA created a refundable tax credit, referred to as the Premium Tax Credit [PTC], to assist individuals with the cost of their health insurance premiums. When enrolling in a Qualified Health Plan through the Exchange, eligible individuals can choose to have some or all of the PTC paid in advance to their insurance company as payment of their monthly pre-



mium or can wait to claim all of the PTC on their tax return. TIGTA recently performed a review to evaluate the effectiveness of IRS's verification of PTC claims during the 2015 filing season. The Committee agrees with TIGTA that reviews should be completed for those tax returns TIGTA identified for which the IRS incorrectly verified the PTC claim to ensure that individuals receive the correct PTC amount and IRS does not pay more than taxpayers are entitled to receive. The Committee supports TIGTA's recommendation that PTC claimants should be verified before tax refunds are issued.

*Misclassification of Contractors.*—The Committee remains concerned that staffing within the IRS's SS-8 Program, responsible for making determinations as to a worker's Federal employment tax status, has not kept pace with the record and sustained SS-8 filings during the past six filing seasons. The Committee believes that the IRS SS-8 Program is critical to ensuring that workers are classified correctly, identifying leads for employment tax exams and criminal investigations, and combating the underreporting of employment taxes that contributes significantly to the tax gap. The Committee believes it is important, given the growing workload, that the IRS maintain sufficient staffing at all SS-8 processing locations. The Committee directs the IRS to notify the House Appropriations Committee, the Senate Appropriations Committee, the House Ways and Means Committee, and the Senate Finance Committee prior to making any staffing reductions or reallocations within the SS-8 processing program.

#### OPERATIONS SUPPORT

Appropriations, 2016 .....	\$3,638,446,000
Budget estimate, 2017 .....	4,030,695,000
Committee recommendation .....	3,638,446,000

#### PROGRAM DESCRIPTION

The Operations Support appropriation provides for overall planning and direction of the IRS including Infrastructure, including administrative services related to space and housing, rent and space alterations, buildings service maintenance, guard services, and non-IT equipment; Shared Services and Support, including policy management, IRS-wide support for research, strategic planning, communications and liaison, finance, human resources, equity, diversity, and inclusion programs, printing, postage, business systems planning, corporate training, legal services, procurement, and employee benefit programs; and Information Services, including the staffing, equipment, and related costs to manage, maintain, and operate the information systems critical to the support of tax administration programs.

#### COMMITTEE RECOMMENDATION

The Committee recommends \$3,638,446,000 for Operations Support for fiscal year 2017.

The Committee notes that half of IRS's total requested increase for fiscal year 2017 funding is for Operations Support. The Committee remains concerned that the IRS continues to supplement



this appropriations account with the vast majority of its user fees. The Consolidated Appropriations Act of 2016 provided an additional \$290,000,000 to the IRS appropriations accounts, of which the IRS spent \$95,442,000 to invest in cybersecurity. As previously discussed, the Committee remains concerned about the IRS's ability to safeguard taxpayer data and is concerned about the amount of funding to support the re-launch of the Get Transcript application. The Committee expects the IRS to keep the Committee informed of the costs going forward to support the re-launch of Get Transcript as well as other online service applications.

*Information Technology Reports.*—Given the size and significance of IRS's IT investments and the challenges inherent in successfully delivering these complex IT investments, it is important that the Committees on Appropriations be provided reliable information to assist with their oversight responsibilities. While IRS has been submitting quarterly reports on the performance of its IT investments to the Committees, we are concerned that these reports have yet to address GAO's recommendations for cumulative reporting and providing a quantitative measure of scope. In addition, we believe the reports could provide information that would allow the Committees to better gauge the performance of IRS's IT investments. The Committee directs the IRS to submit quarterly reports on particular major project activities to the Committees on Appropriations and the GAO, no later than 30 days following the end of each calendar quarter in fiscal year 2017. The Committee expects the reports to include detailed, plain English explanations of the cumulative expenditures and schedule performance to date, specified by fiscal year; the costs and schedules for the previous 3 months; the anticipated costs and schedules for the upcoming 3 months; and the total expected costs to complete the following major information technology project activities: IRS.gov; Returns Remittance Processing; EDAS/IPM; Information Returns and Document Matching; E-services; Taxpayer Advocate Service Integrated System; Affordable Care Act administration; and other projects associated with significant changes in law. In addition, the quarterly report should clearly explain when the project was started; the expected date of completion; the percentage of work completed as compared to planned work; the current and expected state of functionality; any changes in schedule; and current risks unrelated to funding amounts and mitigation strategies. The Committee directs the Department of the Treasury to conduct a semi-annual review of IRS's IT investments to ensure the cost, schedule, and scope goals of the projects are transparent. The Committee further directs GAO to review and provide an annual report to the Committees evaluating the cost and schedule of activities of all major IRS information technology projects for the year, with particular focus on the projects about which the IRS is submitting quarterly reports to the Committee.

#### BUSINESS SYSTEMS MODERNIZATION

Appropriations, 2016 .....	\$290,000,000
Budget estimate, 2017 .....	343,415,000
Committee recommendation .....	290,000,000

PROGRAM DESCRIPTION

The Business Systems Modernization appropriation provides resources for the planning and capital asset acquisition of information technology to modernize the IRS business systems.

COMMITTEE RECOMMENDATION

The Committee recommends \$290,000,000 for Business Systems Modernization [BSM] for fiscal year 2017.

The Committee is concerned about IRS's plan to invest in new IT capabilities for the future given the recent data breach to IRS's Get Transcript and IP PIN application. In addition, the Committee remains concerned about exceeding planned investment costs, projects that fall behind schedule, and providing secure digital communications to taxpayers.

The Committee expects the IRS to continue to submit quarterly reports to the Committees and GAO during fiscal year 2017, no later than 30 days following the end of each calendar quarter. The Committee expects the reports to include detailed, plain English explanations of the cumulative expenditures and schedule performance to date, specified by fiscal year; the costs and schedules for the previous 3 months; the anticipated costs and schedules for the upcoming 3 months; and the total expected costs to complete CADE2 and MeF. In addition, the quarterly report should clearly explain when the project was started; the expected date of completion; the percentage of work completed as compared to planned work; the current and expected state of functionality; any changes in schedule; and current risks unrelated to funding amounts and mitigation strategies. The Committee directs the Department of the Treasury to conduct a semi-annual review of CADE2 and MeF to ensure the cost, schedule, and scope goals of the projects are transparent. The Committee further directs GAO to review and provide an annual report to the Committee evaluating the cost and schedule of CADE2 and MeF activities for the year, as well as an assessment of the functionality achieved.

The Committee remains concerned that IRS systems modernization, by its nature, is a high-risk endeavor, and appreciates that the IRS has, in recent years, satisfied the majority of developmental milestones planned for completion early, under budget, or within 10 percent of cost and schedule estimates. Because of the tendency for certain projects or components to exceed schedule and cost estimates, the Committee urges IRS management to maintain close routine scrutiny of cost and schedule factors.

ADMINISTRATIVE PROVISIONS—INTERNAL REVENUE SERVICE  
(INCLUDING TRANSFER OF FUNDS)

The Committee includes 13 administrative provisions as follows:

Section 101 continues a provision allowing the IRS to transfer up to 5 percent of any appropriation made available to the agency in fiscal year 2017 to any other IRS appropriation, upon the advance approval of the Committees on Appropriations.

Section 102 continues a provision maintaining a training program in taxpayers' rights and cross-cultural relations.

Section 103 continues a provision requiring the IRS to institute and enforce policies and procedures, which will safeguard the confidentiality of taxpayer information and protect taxpayers against identity theft.

Section 104 continues a provision directing that funds shall be available for improved facilities and increased staffing to support sufficient and effective 1-800 help line services for taxpayers including enhanced response time to taxpayer communications, particularly for victims of tax-related crimes.

Section 105 continues a provision requiring videos produced by the IRS to be approved in advance by the Service-Wide Video Editorial Board.

Section 106 continues a provision requiring the IRS to issue notices to employers of any address change request and to give special consideration to offers in compromise for taxpayers who have been victims of payroll tax preparer fraud.

Section 107 continues a provision that prohibits the use of funds by the IRS to target United States citizens for exercising any right guaranteed under the First Amendment to the Constitution.

Section 108 continues a provision that prohibits the use of funds by the IRS to target groups for regulatory scrutiny based on their ideological beliefs.

Section 109 continues a provision that requires the IRS to comply with procedures on conference spending as recommended by the Treasury Inspector General for Tax Administration.

Section 110 continues provision that prohibits the use of funds to give bonuses or hire former employees without consideration of conduct and compliance with Federal tax laws.

Section 111 continues a provision that prohibits the use of funds to violate the confidentiality of tax returns.

Section 112 continues a provision which prohibits funds for pre-populated returns.

Section 113 continues a provision which provides \$290,000,000 to be used solely for measurable improvements in the customer service representative level of service rate, to improve the identification and prevention of refund fraud and identity theft, and to enhance cybersecurity to safeguard taxpayer data.

ADMINISTRATIVE PROVISIONS—DEPARTMENT OF THE TREASURY  
(INCLUDING TRANSFERS OF FUNDS)

The Committee includes 13 administrative provisions, as follows:

Section 114 authorizes certain basic services within the Treasury Department in fiscal year 2017, including purchase of uniforms; maintenance, repairs, and cleaning; purchase of insurance for official motor vehicles operated in foreign countries; and contracts with the Department of State for health and medical services to employees and their dependents serving in foreign countries.

Section 115 authorizes transfers, up to 2 percent, between Departmental Offices, Office of Inspector General, Special Inspector General for the Troubled Asset Relief Program, Financial Crimes Enforcement Network, Bureau of the Fiscal Service, and Alcohol and Tobacco Tax and Trade Bureau, appropriations under certain circumstances.

Section 116 authorizes transfers, up to 2 percent, between the Internal Revenue Service and the Treasury Inspector General for Tax Administration under certain circumstances.

Section 117 prohibits the Department of the Treasury and the Bureau of Engraving and Printing from redesigning the \$1 Federal Reserve Note.

Section 118 authorizes the Secretary of the Treasury to transfer funds from Salaries and Expenses, Bureau of the Fiscal Service, to the Debt Collection Fund as necessary to cover the costs of debt collection. Such amounts shall be reimbursed to the Salaries and Expenses account from debt collections received in the Debt Collection Fund.

Section 119 requires prior approval for the construction and operation of a museum by the United States Mint.

Section 120 prohibits the merger of the United States Mint and the Bureau of Engraving and Printing without prior approval of the committees of jurisdiction.

Section 121 authorizes the Department's intelligence activities.

Section 122 permits the Bureau of Engraving and Printing to use not to exceed \$5,000 from the Industrial Revolving Fund for reception and representation expenses.

Section 123 requires the Secretary of the Treasury to develop an annual Capital Investment Plan.

Section 124 continues a provision that requires a report on the Department's Franchise Fund.

Section 125 continues a provision that requires the Department to submit a report on economic warfare and financial terrorism.

Section 126 continues a provision which prohibits the Department from finalizing any regulation related to the standards used to determine the tax-exempt status of a 501(c)(4) organization.

## TITLE II

EXECUTIVE OFFICE OF THE PRESIDENT AND FUNDS  
APPROPRIATED TO THE PRESIDENT

## THE WHITE HOUSE

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$55,000,000
Budget estimate, 2017 .....	55,214,000
Committee recommendation .....	55,214,000

## PROGRAM DESCRIPTION

The "Salaries and Expenses" account of The White House provides staff assistance and administrative services for the direct support of the President. The White House also serves as the President's representative before the media. In accordance with 3 U.S.C. 105, The White House office also supports and assists the activities of the spouse of the President.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$55,214,000 for The White House, Salaries and Expenses. The recommendation is equal to the budget request.

*Exports to Africa.*—The Committee acknowledges efforts by the Executive Office of the President [EOP] to designate a senior United States Government official to lead efforts to significantly increase United States exports to Africa as directed under section 1206(d) of Public Law 113–66 and urges the EOP to continue to leverage resources provided in this and other acts to carry out the intent of the directive.

*Office of National AIDS Policy.*—The Committee directs the Executive Office of the President [EOP] to allocate sufficient resources to continue the robust operation of the Office of National AIDS Policy [ONAP]. ONAP is responsible for leading implementation of the National HIV/AIDS Strategy and holding Federal agencies and local jurisdictions accountable for implementing effective, scalable, and cost-effective interventions for HIV prevention and care through commissioning policy research, consulting with the community, and helping jurisdictions modernize data systems and other activities to align with the strategy. The Committee directs the administration to continue to coordinate a governmentwide effort to achieve the goals of the National HIV/AIDS strategy.

## EXECUTIVE RESIDENCE AT THE WHITE HOUSE

## OPERATING EXPENSES

Appropriations, 2016 .....	\$12,723,000
Budget estimate, 2017 .....	12,723,000
Committee recommendation .....	12,723,000

## PROGRAM DESCRIPTION

These funds provide for the care, maintenance, repair, alteration, refurnishing, improvement, air-conditioning, heating, and lighting of the White House and the official and ceremonial functions of the President.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$12,723,000 for the Executive Residence at the White House. The Committee recommendation is equal to the fiscal year 2016 enacted level. The bill also continues certain restrictions on reimbursable expenses for use of the Executive Residence.

## WHITE HOUSE REPAIR AND RESTORATION

Appropriations, 2016 .....	\$750,000
Budget estimate, 2017 .....	750,000
Committee recommendation .....	750,000

## PROGRAM DESCRIPTION

This account funds the repair, alteration, and improvement of the Executive Residence at the White House. A separate account was established in fiscal year 1996 to program and track expenditures for the capital improvement projects at the Executive Residence at the White House.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$750,000 for White House Repair and Restoration, equal to the fiscal year 2016 enacted level and the budget request.

## COUNCIL OF ECONOMIC ADVISERS

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$4,195,000
Budget estimate, 2017 .....	4,201,000
Committee recommendation .....	4,201,000

## PROGRAM DESCRIPTION

The Council of Economic Advisers analyzes the national economy and its various segments, advises the President on economic developments, recommends policies for economic growth and stability, appraises economic programs and policies of the Federal Government, and assists in the preparation of the annual Economic Report of the President to Congress.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$4,201,000 for salaries and expenses of the Council of Economic Advisers. This amount is equal to the budget request.



## NATIONAL SECURITY COUNCIL AND HOMELAND SECURITY COUNCIL

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$12,800,000
Budget estimate, 2017 .....	13,069,000
Committee recommendation .....	12,800,000

## PROGRAM DESCRIPTION

The National Security Council advises the President in integrating domestic, foreign, and military policies related to national security, and the Homeland Security Council advises the President in coordinating homeland security-related policies across the Government.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$12,800,000 for the salaries and expenses of the National Security Council and the Homeland Security Council. This amount is equal to the fiscal year 2016 enacted level.

## OFFICE OF ADMINISTRATION

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$96,116,000
Budget estimate, 2017 .....	96,116,000
Committee recommendation .....	96,116,000

## PROGRAM DESCRIPTION

The Office of Administration provides administrative services to the EOP. These services, defined by Executive Order 12028 of 1977, include financial, personnel, library and records services, information management systems support, and general office services.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$96,116,000 for the Office of Administration for fiscal year 2017. This amount is equal to the fiscal year 2016 enacted level and the budget request.

The Committee's recommendation includes not to exceed \$12,760,000 to remain available until expended for modernization of the information technology infrastructure within the Executive Office of the President.

The Committee directs the Office of Administration to place a top priority on the implementation of comprehensive policies and procedures for the preservation of all records, including electronic records such as emails, videos, and social networking communication, consistent with the requirements of the Presidential Records Act, the Federal Records Act, and other pertinent laws. The Office of Administration shall continue to work closely with the National Archives and Records Administration [NARA] to ensure the full and complete maintenance and formatting of electronic records that will eventually be turned over to NARA. The Committee expects the Office of Administration to keep the Committee fully apprised of funding needs related to records preservation and retention.

## OFFICE OF MANAGEMENT AND BUDGET

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$95,000,000
Budget estimate, 2017 .....	100,725,000
Committee recommendation .....	95,000,000

## PROGRAM DESCRIPTION

The Office of Management and Budget [OMB] assists the President in the discharge of his budgetary, management, and other executive responsibilities.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$95,000,000 for the Office of Management and Budget, which is equal to the fiscal year 2016 enacted level.

The Committee directs OMB to utilize sufficient resources to respond in a timely and complete manner to requests from Congress, in particular requests related to program funding and operations.

*Cybersecurity.*—The Committee recognizes actions that were taken by some Federal agencies to improve their cybersecurity posture under the Federal CIO's 30-day Cybersprint. The Committee looks forward to learning more about actions taken since this initiative.

*Intellectual Property Enforcement Coordinator.*—The Committee continues to strongly support the Office of the Intellectual Property Enforcement Coordinator [IPEC], including its important work promoting private sector efforts to reduce online copyright infringement. The Committee encourages the Office to work with U.S.-based Internet registrars and registries to ensure that parties are taking voluntary, cooperative action against illegal activities online. Given the growing threat of cybercrime and the link between intellectual property theft and other forms of cybercrime, including malware and hacking, OMB should provide the Office with an additional full-time equivalent position focused on the area of cybercrime. Further, the Committee requests that the Annual Report required under the Pro IP Act of 2008 (15 U.S.C. 8114) on Intellectual Property Enforcement activities of the Federal Government specifically outlines online copyright piracy enforcement activities in the next report.

*Social Cost of Carbon.*—OMB should not approve any regulations in fiscal year 2017 using the May 2013, revised July 2016, estimates for the social cost of carbon until a new working group is convened. The working group should include the relevant agencies and affected stakeholders, reexamine the social cost of carbon using the best available science, and revise the estimate using an accurate discount rate and domestic estimate in accordance with Executive Order 12866 and OMB Circular A-4. To increase transparency, the working group should solicit public comments prior to finalizing any updates.

*Governmentwide General Provisions.*—The Committee is concerned that all agencies may not be aware of, and therefore, not implementing, the governmentwide general provisions in title VII of the bill. The Committee directs OMB to issue guidance within

60 days of enactment, notifying all agencies of their responsibilities to adhere to these requirements. The Committee expects OMB to reinforce awareness among all Federal agencies of the existence of, and content of, the governmentwide general provisions.

*Conferences.*—The Committee continues a provision in title VII of the bill requiring agencies to report annually to their inspector general or senior ethics officer on conferences costing more than \$100,000 and to notify the same official of conferences costing more than \$20,000 within 15 days of a conference. The provision also prohibits funding for any travel and conference activities that are not in compliance with OMB Memorandum M-12-12 or any subsequent revisions to that memorandum. Agencies shall report conference expenditures in excess of \$100,000 on agency Web sites and OMB shall notify the Committee annually in writing of any agencies failing to report this information.

*Travel.*—The Committee supports OMB's efforts to reduce costs across Federal agencies by eliminating unnecessary travel expenses. As part of OMB Memorandum M-12-12, Federal agencies were directed to reduce their travel expenses by 30 percent below the fiscal year 2010 level. The Committee recognizes the need for continued oversight of Federal travel expenses and notes OMB's efforts to work with agencies to increase transparency and make smarter travel decisions. In a report to the Committee, OMB noted that the OMB Memorandum M-12-12 transparency model is strong, that the spending thresholds established in OMB Memorandum M-12-12 are appropriate and that results have demonstrated that these new policies and procedures are having an impact on how agencies plan and execute conferences. The Committee also noted that OMB recognizes that travel and conferences have a role to play in agencies carrying out their missions and that there are situations in which physical co-location is necessary and that OMB has worked diligently to ensure that the policies and controls implemented through OMB Memorandum M-12-12 or any subsequent revision do not curtail travel or conferences that are mission critical and are executed in a cost-effective manner.

*Contractor Bonuses.*—The Committee is concerned about the occurrence of contract incentives being given to contractors that fail to meet specified cost, schedule, or performance criteria. Although OMB has issued guidance to reduce wasteful spending on contractor bonuses, this issue has not been fully addressed. The bill includes new contractor payment restrictions to require all departments and agencies funded by this act to link all contracts that provide awards to successful acquisition outcomes and to prohibit funds to pay for award or incentive fees for contractors with below satisfactory performance.

*Enforcement of Cybersecurity Standards.*—The Committee directs OMB to report not later than February 1 of each year to the Committees on Appropriations of the House and Senate and the Committee on Homeland Security and Governmental Affairs in the Senate and the Homeland Security Committee in the House regarding the use of budget authority to enforce cybersecurity standards. The report shall detail specific actions the Director has taken pursuant to section 3553(a)(5) of title 44, United States Code, including any

actions taken pursuant to section 11303(b)(5) of title 40, United States Code.

*Scientific Instruments.*—The Committee is aware that the Office of Management and Budget is in the process of implementing a “category management” initiative that will help improve the procurement process and utilize the Federal Government’s buying power to maximize value for taxpayers and reduce duplication. In some cases, individual agencies engage in smaller scale procurements of scientific instruments when opportunities may exist to procure the appropriate instruments governmentwide on a larger scale, leading to cost savings to the Federal Government. The Committee notes that research at Federal agencies may also require specific instrumentation for research that cannot take advantage of government purchasing economies of scale. The Committee encourages OMB, as it implements category management, to review agencies’ practices for procuring scientific instruments, particularly smaller scale procurements, and ensure that the new category management system provides a mechanism for regular evaluation of scientific instrument purchases.

*Good Guidance.*—The Committee directs the Office of Management and Budget [OMB] to remind Federal agencies that it must follow OMB’s Final Bulletin for Agency Good Guidance Practices when issuing guidance. It directs OMB to update its Good Guidance Practices to require all agencies to conduct a retrospective review of guidance documents regularly with public input that the agency solicits, to determine if any of its guidance is duplicative, outdated, ineffective, insufficient, or excessively burdensome and needs to be modified, streamlined, or repealed. It also directs OMB to send a letter to all agencies to require them to review the Government Accountability Report, Regulatory Guidance Processes: Selected Departments Could Strengthen Internal Control and Dissemination Practices, and determine whether the agency is meeting the recommendations made in the report, and if needed, adjust their practices accordingly to meet the recommendations.

## OFFICE OF NATIONAL DRUG CONTROL POLICY

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$20,047,000
Budget estimate, 2017 .....	19,274,000
Committee recommendation .....	19,274,000

## PROGRAM DESCRIPTION

The Office of National Drug Control Policy [ONDCP], established by the Anti-Drug Abuse Act of 1988, and reauthorized by Public Law 109-469, is charged with developing policies, objectives, and priorities for the National Drug Control Program. In addition, ONDCP administers the High Intensity Drug Trafficking Areas program, the Drug-Free Communities Support Program, and several other related initiatives.

This account provides funding for personnel compensation, travel, and other basic operations of the Office, and for general policy research to support the formulation of the National Drug Control Strategy.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$19,274,000 for ONDCP's salaries and expenses.

*Interdiction.*—The Committee supports efforts to reduce illegal drug use in the United States. In order to stem the tide of illegal drugs coming into this country, interdiction must be a priority. A core component of our national drug control strategy must be effective coordination with other Federal agencies to intercept and disrupt foreign drug shipments before they get to the United States. Additionally, the United States should work with international partners, particularly those in Mexico, to eradicate poppy fields and disrupt illicit drug production.

FEDERAL DRUG CONTROL PROGRAMS  
HIGH INTENSITY DRUG TRAFFICKING AREAS PROGRAM  
(INCLUDING TRANSFERS OF FUNDS)

Appropriations, 2016 .....	\$250,000,000
Budget estimate, 2017 .....	196,410,000
Committee recommendation .....	255,000,000

PROGRAM DESCRIPTION

The High Intensity Drug Trafficking Areas [HIDTA] program was established by the Anti-Drug Abuse Act of 1988 (Public Law 100-690) and the Office of National Drug Control Policy's reauthorization (Public Law 109-469) to provide assistance to Federal, State, and local law enforcement entities operating in those areas most adversely affected by drug trafficking.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$255,000,000 for the HIDTA program. The Committee directs that funding shall be provided for the existing HIDTAs at no less than the fiscal year 2016 level.

ONDCP is directed to consult with the HIDTAs in advance of deciding programmatic spending allocations for discretionary (supplemental) funding.

The Committee recommendation specifies that up to \$2,700,000 may be used for auditing services and associated activities.

The Committee directs that HIDTA funds be transferred to the appropriate drug control agencies expeditiously and includes provisions in the bill to help prevent delay. Transferred funds that are no longer necessary for their original purpose may be transferred back to the HIDTA program.

HIDTA funds should not be used to supplant existing support for ongoing Federal, State, or local drug control operations normally funded out of the operating budgets of each agency. ONDCP is directed to withhold all HIDTA funds from a State until such time as a State or locality has met its financial obligation.

*Heroin and Opioid Abuse Initiatives.*—The Committee is gravely concerned about the public health crisis unfolding across the United States as the rate of overdose deaths involving heroin and prescription opioid use has reached record levels. According to the Centers for Disease Control and Prevention [CDC], the rate of deaths from drug overdoses involving opioid pain relievers and heroin has increased by 200 percent since 2000. The Committee urges the Office of National Drug Control Policy [ONDCP] to consult with the High Intensity Drug Trafficking Areas [HIDTAs] to disrupt the distribution, use, and prevalence of heroin and opioid abuse. Within 90 days of enactment of this act, the Committee directs ONDCP to report to the Committee on how the administration intends to address the distribution, use, and prevalence of heroin and opioid abuse and ONDCP's coordination with other Federal agencies, Drug-Free Community coalitions, and HIDTA partners to combat this public health crisis.



OTHER FEDERAL DRUG CONTROL PROGRAMS  
(INCLUDING TRANSFERS OF FUNDS)

Appropriations, 2016 .....	\$109,810,000
Budget estimate, 2017 .....	98,480,000
Committee recommendation .....	109,871,000

PROGRAM DESCRIPTION

The Anti-Drug Abuse Act of 1988 (Public Law 100-690), and the Office of National Drug Control Policy Reauthorization Act (Public Law 109-469) established this account to be administered by the Director of the Office of National Drug Control Policy. The funds appropriated to the program support high-priority drug control programs and may be transferred to drug control agencies.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$109,871,000 for Other Federal Drug Control Programs. Within this amount, the Committee provides the following funding levels:

	Amount
Drug-Free Communities Support Program .....	\$95,000,000
National Community Anti-Drug Coalition training .....	2,000,000
Drug court training, including standards training, and technical assistance .....	2,000,000
Anti-doping activities .....	9,500,000
World Anti-Doping Agency (WADA) .....	2,121,000
Activities as authorized by Public Law 109-469, section 1105 .....	1,250,000

*Drug-Free Communities Support Program.*—ONDCP directs the Drug-Free Communities Support Program [DFCSP] in partnership with the Substance Abuse and Mental Health Services Administration. DFCSP provides dollar-for-dollar matching grants of up to \$125,000 to local coalitions that mobilize their communities to prevent youth alcohol, tobacco, illicit drug, and inhalant abuse. Such grants support coalitions of youth; parents; media; law enforcement; school officials; faith-based organizations; fraternal organizations; State, local, and tribal government agencies; healthcare professionals; and other community representatives. The DFCSP enables these coalitions to strengthen their coordination and prevention efforts, encourage citizen participation in substance abuse reduction efforts, and disseminate information about effective programs. The Committee provides \$95,000,000 for the continuation of the DFCSP.

The Committee includes a provision in the bill directing ONDCP to provide \$2,000,000 of DFCSP funds for training and related purposes as authorized by section 4 of Public Law 107-82, as amended by Public Law 109-469.

## UNANTICIPATED NEEDS

Appropriations, 2016 .....	\$800,000
Budget estimate, 2017 .....	1,000,000
Committee recommendation .....	800,000

## PROGRAM DESCRIPTION

These funds enable the President to meet unanticipated exigencies in support of the national interest, security, or defense.

## COMMITTEE RECOMMENDATION

The Committee recommends \$800,000, which is the same as the fiscal year 2016 enacted level.

## PRESIDENTIAL TRANSITION ADMINISTRATIVE SUPPORT

Appropriations, 2016 .....	
Budget estimate, 2017 .....	\$7,582,000
Committee recommendation .....	7,582,000

## PROGRAM DESCRIPTION

This account supports the Office of Administration for expenses associated with the transition to the next Presidential administration.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$7,582,000 for Presidential Transition Administrative Support, which is equal to the budget estimate. The account was not funded in fiscal year 2016 because there was no Presidential transition in that year.

## INFORMATION TECHNOLOGY OVERSIGHT AND REFORM

## (INCLUDING TRANSFERS OF FUNDS)

Appropriations, 2016 .....	\$30,000,000
Budget estimate, 2017 .....	35,200,000
Committee recommendation .....	30,000,000

## PROGRAM DESCRIPTION

The goal of the Information Technology Oversight and Reform [ITOR] program is to drive value in Federal IT investments by making smarter investment decisions and reducing waste, duplication, and inefficient uses of IT through data-driven investment management, deliver digital services to 25 Federal agencies, and protect IT assets and information by improving oversight of Federal cybersecurity practices.

## COMMITTEE RECOMMENDATION

The Committee recommends \$30,000,000 for the ITOR program. The Committee appreciates the administration's comprehensive and innovative approach to improving IT development processes and maximizing efficiencies across the Federal IT portfolio. The Federal Government plans to invest approximately \$89,000,000,000 during fiscal year 2017 in IT development for a wide variety of capabilities, spanning, for example, from basic desktop computing to

a searchable database for investigating terrorist financing activity. However, it is clear to the Committee that this spending on IT does not produce \$89,000,000,000 in value for the public as a result of IT projects that arrive late or over budget. The Committee notes that Federal IT projects have failed because of a lack of oversight and governance. ITOR funding in fiscal year 2017 will help drive value in Federal IT investments by making smarter investment decisions and reducing waste, duplication, and inefficient uses of IT, delivering digital services, improving oversight of Federal cybersecurity practices, and providing IT training.

*IT Dashboard.*—The Committee supports the management and enhancement of the IT Dashboard, a Web site that includes cost, schedule, and performance data for major IT investments. The Committee directs the EOP to make PortfolioStat, which is the process where OMB and agencies examine IT portfolios to identify duplicative spending and reduce costs, and other technology reform savings and performance metrics available to the public on the IT dashboard. OMB shall ensure that current and accurate data on these investments are available throughout the entire year. The Committee directs OMB to use ITOR funding to work with agencies to implement the Federal Information Technology Acquisition Reform Act [FITARA], which is designed to improve Federal IT acquisitions. Specifically, the Committee directs OMB to report quarterly to the Committee on Appropriations on the cost savings, avoidance, and reductions in duplicative IT investments.

*Digital Service.*—The Committee supports the formation of U.S. Digital Service [USDS] and their role in collaborating with Federal agencies to implement digital and technology practices on the 10 highest priority IT investment projects that are under development across Federal agencies. The Committee encourages USDS to use the increase in ITOR funding to become more fully engaged on each one of the projects. In addition, the Committee encourages OMB to provide detail on how the 10 highest priority IT investment projects are selected and report quarterly to the Committee on Appropriations on the status of these projects.

*Cybersecurity.*—Recent cybersecurity breaches have demonstrated the need for the Federal Government to safeguard data and improve its cybersecurity posture. The Committee expects OMB's E-Gov Cyber will provide oversight of agency cybersecurity programs and focus on agencies' performance relative to the Cybersecurity Cross-Agency Priority [CAP] Goal, which was designed to assess agency implementation of basic cybersecurity principles to ensure a common Federal baseline for combating cyber threats. It is clear to the Committee that the Federal Government lags in IT security best practices. For example, Strong Authentication remains a key challenge, with civilian agencies reporting 42 percent of their goal. According to GAO [GAO-15-725T], "While recent government-wide initiatives hold promise for bolstering the Federal cybersecurity posture, it is important to note that no single technology or set of practices is sufficient to protect against all these threats. A 'defense in depth' strategy is required that includes well-trained personnel, effective and consistently applied processes, and appropriately implemented technologies. While agencies have elements of such a strategy in place, more needs to

be done to fully implement it and to address existing weaknesses. In particular, implementing GAO and Inspector General recommendations will strengthen agencies' ability to protect their systems and information, reducing the risk of a potentially devastating cyber attack." The Committee expects OMB to consult with GAO on the Cybersecurity CAP goal key performance indicators and metric targets. In addition, the Committee expects OMB as part of its 30-day Cybersecurity Sprint, to submit its Federal Civilian Cybersecurity Strategy to GAO for review. The Committee encourages OMB to report on its efforts to ensuring agencies having robust protections in place to address cyber security threats, including the recent breach at OPM.

#### SPECIAL ASSISTANCE TO THE PRESIDENT

##### SALARIES AND EXPENSES

Appropriations, 2016 .....	\$4,228,000
Budget estimate, 2017 .....	4,228,000
Committee recommendation .....	4,228,000

##### PROGRAM DESCRIPTION

This appropriation provides for staff and expenses to enable the Vice President to provide assistance to the President in connection with the performance of executive duties and responsibilities. These funds also support the official activities of the spouse of the Vice President. The Vice President also has a staff funded by the Senate to assist him in the performance of his legislative duties.

##### COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$4,228,000 for special assistance to the President. This amount is equal to the fiscal year 2016 enacted level and the budget request.

#### OFFICIAL RESIDENCE OF THE VICE PRESIDENT

##### OPERATING EXPENSES

##### (INCLUDING TRANSFER OF FUNDS)

Appropriations, 2016 .....	\$299,000
Budget estimate, 2017 .....	299,000
Committee recommendation .....	299,000

##### PROGRAM DESCRIPTION

This account supports the care and operation of the Vice President's residence on the grounds of the Naval Observatory. These funds specifically support equipment, furnishings, dining facilities, and services required to perform and discharge the Vice President's official duties, functions, and obligations.

##### COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$299,000 for the official residence of the Vice President. This amount is equal to the budget request and the fiscal year 2016 enacted level.

ADMINISTRATIVE PROVISIONS—EXECUTIVE OFFICE OF THE  
PRESIDENT AND FUNDS APPROPRIATED TO THE PRESIDENT

(INCLUDING TRANSFER OF FUNDS)

Section 201 continues a provision that provides flexibility in the use of funds in accounts under the EOP.

Section 202 requires the Office of Management and Budget [OMB] to report on the costs of implementation the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203).

Section 203 requires the Director of the OMB to include a statement of budgetary impact with any Executive order issued during fiscal year 2017.

### TITLE III THE JUDICIARY

#### PROGRAM DESCRIPTION

Established under Article III of the Constitution, the judicial branch of Government is a separate but equal branch. The Federal judiciary consists of the Supreme Court, United States Courts of Appeals, District Courts, Bankruptcy Courts, Court of International Trade, Court of Federal Claims, and several other entities and programs. The organization of the judiciary, the district and circuit boundaries, the places of holding court, and the number of Federal judges are legislated by the Congress and signed into law by the President.

The Committee's recommended funding levels support the Federal judiciary's role of providing equal justice under the law and include sufficient funds to support this critical mission. The recommended funding level includes the salaries of judges and support staff and the operation and security of our Nation's courts.

The judicial branch is subject to the same funding constraints facing the executive and legislative branches. It is imperative that the Federal judiciary devote its resources primarily to the retention of staff. Further, it is also important that the judiciary contain controllable costs such as travel, construction, and other expenses.

#### SUPREME COURT OF THE UNITED STATES

##### SALARIES AND EXPENSES

Appropriations, 2016 .....	\$75,838,000
Budget estimate, 2017 .....	76,668,000
Committee recommendation .....	76,668,000

#### PROGRAM DESCRIPTION

The United States Supreme Court consists of nine justices appointed under Article III of the Constitution of the United States, one of whom is appointed as Chief Justice of the United States. The Supreme Court acts as the final arbiter in the Federal court system.

#### COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$76,668,000 for the salaries and expenses of personnel, and the costs of operating the Supreme Court, excluding the care of the building and grounds. The recommendation is \$830,000 above the fiscal year 2016 funding level and equal to the budget request.

#### CARE OF THE BUILDING AND GROUNDS

Appropriations, 2016 .....	\$9,964,000
Budget estimate, 2017 .....	14,868,000
Committee recommendation .....	14,868,000



## PROGRAM DESCRIPTION

Care of the Building and Grounds, for expenditure by the Architect of the Capitol, provides for the structural and mechanical care of the United States Supreme Court Building and Grounds, including maintenance and operation of mechanical, electrical, and electronic equipment.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$14,868,000 for personnel and other services related to the Supreme Court building and grounds, which is supervised by the Architect of the Capitol. The recommendation is \$4,904,000 above the fiscal year 2016 funding level and equal to the budget request. The increase is for costs associated with the continuation of the exterior stone restoration project that includes the completion of the west facade and the ongoing restoration of the north, south, and east facades.

## UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$30,872,000
Budget estimate, 2017 .....	30,108,000
Committee recommendation .....	30,108,000

## PROGRAM DESCRIPTION

The United States Court of Appeals for the Federal Circuit was established on October 1, 1982 under Article III of the Constitution. The court was formed by the merger of the United States Court of Customs and Patent Appeals and the appellate division of the United States Court of Claims. The court consists of 12 judges who are appointed by the President, with the advice and consent of the Senate. Judges are appointed to the court under Article III of the Constitution of the United States.

The Federal Circuit has nationwide jurisdiction in a variety of subjects, including international trade, Government contracts, patents, certain claims for money from the United States Government, Federal personnel, and veterans' benefits. Appeals to the court come from all Federal district courts, the United States Court of Federal Claims, the United States Court of International Trade, and the United States Court of Veterans Appeals. The court also takes appeals of certain administrative agencies' decisions, including the Merit Systems Protection Board, the Board of Contract Appeals, the Board of Patent Appeals and Interferences, and the Trademark Trial and Appeals Board. Decisions of the United States International Trade Commission, the Office of Compliance of the United States Congress, and the Government Accountability Office Personnel Appeals Board are also reviewable by the court.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$30,108,000. The recommendation is \$764,000 below the fiscal year 2016 funding level and the same as the budget request.

## UNITED STATES COURT OF INTERNATIONAL TRADE

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$18,160,000
Budget estimate, 2017 .....	18,462,000
Committee recommendation .....	18,462,000

## PROGRAM DESCRIPTION

The United States Court of International Trade, located in New York City, consists of nine Article III judges. The court has exclusive nationwide jurisdiction over civil actions brought against the United States, its agencies and officers, and certain civil actions brought by the United States, arising out of import transactions and the administration and enforcement of the Federal customs and international trade laws.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$18,462,000. The recommendation is \$302,000 above the fiscal year 2016 funding level and the same as the budget request.

## COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$4,918,969,000
Budget estimate, 2017 .....	5,045,785,000
Committee recommendation .....	5,045,785,000

## PROGRAM DESCRIPTION

Salaries and Expenses is one of four accounts that provide total funding for the Courts of Appeals, District Courts, and Other Judicial Services. In addition to funding the salaries of judges and support staff, this account also funds the operating costs of appellate, district, and bankruptcy courts, the Court of Federal Claims, and probation and pretrial services offices.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$5,045,785,000 for salaries and expenses. The recommendation is \$126,816,000 above the fiscal year 2016 funding level and the same as the request.

The Committee appreciates the judiciary's ongoing efforts to contain costs. For more than 10 years the judiciary has been focused on cost containment and changes made to date have reduced current and future costs for: rent, information technology, magistrate judges, compensation of court staff and law clerks, law books, probation and pretrial services supervision work, and other areas. The Committee understands that further cost containment initiatives will expand the use of shared administrative services among the courts of appeals, district courts, bankruptcy courts, probation and pretrial services offices, and Federal defender organizations to reduce duplicative human resources, procurement, financial management, and information technology activities. The judiciary is also

exploring voluntary consolidation of offices and other longer-term changes that would further reduce growth in personnel and operational costs. Given the constrained Federal budget environment, the Committee encourages the judiciary to continue these cost-cutting efforts.

## VACCINE INJURY COMPENSATION TRUST FUND

Appropriations, 2016 .....	\$6,050,000
Budget estimate, 2017 .....	6,260,000
Committee recommendation .....	6,260,000

## PROGRAM DESCRIPTION

Enacted by the National Childhood Vaccine Injury Act of 1986 (Public Law 99-660), the Vaccine Injury Compensation Program is a Federal no-fault program designed to resolve a perceived crisis in vaccine tort liability claims that threatened the continued availability of childhood vaccines nationwide. The statute's primary intention is the creation of a more efficient adjudicatory mechanism that ensures a no-fault compensation result for those allegedly injured or killed by certain covered vaccines. This program protects the availability of vaccines in the United States by diverting a substantial number of claims from the tort arena.

Not only did this act create a special fund to pay judgments awarded under the act, but it also created the Office of Special Masters within the United States Court of Federal Claims to hear vaccine injury cases. The act stipulates that up to eight special masters may be appointed for this purpose. The special masters expenditures are reimbursed to the judiciary for vaccine injury cases from a special fund set up under the Vaccine Act.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$6,260,000. The recommendation is \$210,000 above fiscal year 2016 funding level and the same as the budget request.

## DEFENDER SERVICES

Appropriations, 2016 .....	\$1,004,949,000
Budget estimate, 2017 .....	1,056,326,000
Committee recommendation .....	1,054,468,000

## PROGRAM DESCRIPTION

The Defender Services program ensures the right to counsel guaranteed by the Sixth Amendment, the Criminal Justice Act (18 U.S.C. 3006A(e)) and other congressional mandates for those who cannot afford to retain counsel and other necessary defense services. The Criminal Justice Act provides that courts appoint counsel from Federal public and community defender organizations or from a panel of private attorneys established by the court. The Defender Services program helps to maintain public confidence in the Nation's commitment to equal justice under the law and ensures the successful operation of the constitutionally based adversary system of justice by which Federal criminal laws and federally guaranteed rights are enforced.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$1,054,468,000. The recommendation is \$49,519,000 above the fiscal year 2016 funding level and \$1,858,000 below the budget request. In the fiscal year 2016 enacted bill, the Committee provided funding as re-

quested by the judiciary, to begin implementation of new staffing formulas that will provide additional staffing resources to Federal defender offices to further improve the quality of representation to indigent defendants accused of a Federal crime. The Committee's recommendation supports a current services operating level for the Defender Services program for fiscal year 2017 as well as the continued implementation of the staffing formulas for Federal defender offices. The Committee is aware of concerns expressed by some that there is an imbalance in training and support resources available to Federal prosecutors versus court-appointed counsel in Federal criminal cases. The Committee expects the judiciary to address training and support needs for the Defender Services program through the annual budget process.

#### FEEES OF JURORS AND COMMISSIONERS

Appropriations, 2016 .....	\$44,199,000
Budget estimate, 2017 .....	43,723,000
Committee recommendation .....	39,929,000

#### PROGRAM DESCRIPTION

This account provides for the statutory fees and allowances of grand and petit jurors and for the compensation of jury and land commissioners. Budgetary requirements depend primarily upon the volume and the length of jury trials demanded by parties to both civil and criminal actions and the number of grand juries being convened by the courts at the request of the United States Attorneys.

#### COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$39,929,000. The recommendation is \$4,261,000 below the fiscal year 2016 funding level and \$3,794,000 below the request.

#### COURT SECURITY

##### (INCLUDING TRANSFERS OF FUNDS)

Appropriations, 2016 .....	\$538,196,000
Budget estimate, 2017 .....	565,388,000
Committee recommendation .....	565,388,000

#### PROGRAM DESCRIPTION

The Court Security appropriation was established in 1983 and funds the necessary expenses incident to the provision of protective guard services, and the procurement, installation, and maintenance of security systems and equipment for United States courthouses and other facilities housing Federal court operations, including building access control, inspection of mail and packages, directed security patrols, perimeter security provided by the Federal Protective Service, and other similar activities as authorized by section 1010 of the Judicial Improvement and Access to Justice Act (Public Law 100-702).

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$565,388,000. The recommendation is \$27,192,000 above the fiscal year 2016 funding level and the same as the budget request.

The Committee recommendation includes funding for the continued phased implementation of additional court security officers at Federal courthouses as recommended by the U.S. Marshals Service [USMS]. The USMS has recommended a new staffing standard to increase the number of court security officers by 346 between fiscal years 2016 and 2020 (an average of approximately 69 per year) to further strengthen courthouse security. The new officers will be posted in security control rooms and at garage/loading docks at large courthouses as well as at "forward watch" positions outside courthouse entrances to identify and address threats earlier, before they gain entry to the courthouse.

The Committee expects to continue to be kept apprised of the judiciary's plans to address aging and failing physical access control systems [PACS] at Federal courthouses nationwide. These systems control access to facilities and secure space for judges, authorized Federal employees, and contractors. The Committee strongly supports secure Federal courthouse facilities and the safety of judges, staff, litigants and the public in those facilities. The Committee is supportive of the judiciary's efforts to develop a comprehensive plan to replace PACS systems and encourages the judiciary to transmit to Congress budget requests for PACS systems that address the judiciary's highest priority PACS needs.

## ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$85,665,000
Budget estimate, 2017 .....	87,748,000
Committee recommendation .....	87,748,000

## PROGRAM DESCRIPTION

The Administrative Office [AO] of the United States Courts was created in 1939 by an act of Congress. It serves the Federal judiciary in carrying out its constitutional mission to provide equal justice under the law. Beyond providing numerous services to the Federal courts, the AO provides support and staff counsel to the Judicial Conference of the United States and its committees, and implements Judicial Conference policies as well as applicable Federal statutes and regulations. The AO is the focal point for communication and coordination within the Federal judiciary and with Congress, the executive branch, and the public on behalf of the judiciary.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$87,748,000. This recommendation is \$2,083,000 above the fiscal year 2016 funding level and the same as the budget request.



## FEDERAL JUDICIAL CENTER

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$27,719,000
Budget estimate, 2017 .....	28,335,000
Committee recommendation .....	28,335,000

## PROGRAM DESCRIPTION

The Federal Judicial Center, located in Washington, DC, improves the management of Federal judicial dockets and court administration through education for judges and staff, and research, evaluation, and planning assistance for the courts and the Judicial Conference. The Center's responsibilities include educating judges and other judicial branch personnel about legal developments and efficient litigation management and court administration. Additionally, the Center also analyzes the efficacy of case and court management procedures and ensures the Federal judiciary is aware of the methods of best practice.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$28,335,000. The recommendation is \$616,000 above the fiscal year 2016 funding level and the same as the budget request.

## UNITED STATES SENTENCING COMMISSION

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$17,570,000
Budget estimate, 2017 .....	18,150,000
Committee recommendation .....	18,150,000

## PROGRAM DESCRIPTION

The United States Sentencing Commission establishes, reviews, and revises sentencing guidelines, policies, and practices for the Federal criminal justice system. The Commission is also required to monitor the operation of the guidelines and to identify and report necessary changes to the Congress.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$18,150,000. The recommendation is \$580,000 above the fiscal year 2016 funding level and the same as the budget request.

## ADMINISTRATIVE PROVISIONS—THE JUDICIARY

## (INCLUDING TRANSFERS OF FUNDS)

The Committee recommends the following administrative provisions for the judiciary:

Section 301 allows the judiciary to expend funds for the employment of experts and consultative services.

Section 302 allows the judiciary, subject to the Committee's reprogramming procedures, to transfer up to 5 percent between appropriations, but limits to 10 percent the amount that may be transferred into any one appropriation.

Section 303 limits official reception and representation expenses incurred by the Judicial Conference of the United States to no more than \$11,000.

Section 304 grants the judicial branch the same tenant alteration authorities as the executive branch.

Section 305 provides continued authority for a court security pilot program.

Section 306 extends for 1 year the authorization of a temporary judgeship in Kansas, Missouri, Alabama, Arizona, Florida, New Mexico, Texas, California, and North Carolina.

Section 307 extends for 1 year the authorization of temporary bankruptcy judgeships in Delaware, Florida, Michigan, Puerto Rico and Virginia.

TITLE IV  
DISTRICT OF COLUMBIA  
FEDERAL PAYMENTS  
FEDERAL FUNDS

The Appropriations Committees have a special relationship with the District of Columbia that is unlike any other city in the country. Under the National Capital Revitalization and Self-Government Improvement Act of 1997, the Federal Government is required to fund the court operations of the District of Columbia, offender and defendant supervision, and defendant representation. Title IV of this Act provides Federal payments totaling \$614,408,000 to meet these statutory obligations. Title IV also includes \$131,930,000 in other Federal payments to fund initiatives in areas including education and security. In addition, the United States Department of Justice provides hundreds of United States Attorneys and Deputy United States Marshals to prosecute local crimes and provide security at the D.C. Superior Court. The Federal Bureau of Prisons houses thousands of District of Columbia prisoners. Federal taxpayers do not fund similar activities in any other city.

A total of \$746,338,000 in Federal funds are estimated to be available to the District of Columbia government, the District of Columbia Courts, the District of Columbia Court Services and Offender Supervision Agency, and other DC entities. This is \$16,495,000 above the fiscal year 2016 enacted level and \$17,200,000 below the budget request.

FEDERAL PAYMENT FOR RESIDENT TUITION SUPPORT

Appropriations, 2016 .....	\$40,000,000
Budget estimate, 2017 .....	40,000,000
Committee recommendation .....	30,000,000

PROGRAM DESCRIPTION

The Resident Tuition Support program was created by the District of Columbia College Access Act of 1999 (Public Law 106-98), expanded through the District of Columbia College Access Improvement Act of 2002 (Public Law 107-157), and amended and reauthorized through Public Law 110-97. The program provides grants of up to \$10,000 annually for undergraduate District students to attend eligible public 4-year universities and colleges nationwide. The grants are applied toward the cost of the difference between in-State and out-of-State tuition. Grants of up to \$2,500 are provided for students to attend private institutions in the DC metropolitan area, private historically Black colleges and universities nationwide, and public 2-year community colleges nationwide.

COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment of \$30,000,000 for the resident tuition support program. The District of Columbia

can contribute local funds to this program if there is demand for the program above the level of Federal funds available.

Since inception, the Resident Tuition Support program has awarded over \$350,000,000 and assisted over 24,000 students enroll in college. The program has also been expanded twice while enrollment rates and the percentage of undergraduate District students receiving the maximum \$10,000 award have fluctuated. According to the National Center for Education Statistics reports on nationwide undergraduate enrollment, “while total undergraduate enrollment increased by 37 percent between 2000 and 2010, enrollment decreased by 4 percent between 2010 and 2014. Undergraduate enrollment is projected to increase 14 percent from 17.3 million to 19.8 million students between 2014 and 2025.” The 10-year accomplishment report of the Resident Tuition Support program noted that many grantees drop out on their path to a degree and 41 percent graduate from college in 6 years. According to the most recent data available, about 60 percent of students nationwide who began seeking a bachelor’s degree in 2008 completed that degree within 6 years, compared to approximately 51 percent in the Resident Tuition Support program. It is important for the program to realize a return on its investment, wherein every grantee earns a college degree. Given the changing landscape in nationwide college enrollment and graduation rates, the Committee directs GAO to conduct a review of the D.C. TAG program. This review should assess, to the extent possible, trends in eligibility, enrollment, performance and outcomes, and describe the steps taken to provide support to current participants. The review should also consider other available resources for the program and provide an analysis of scholarship programs offered by other municipalities in the United States, including a comparison of participant requirements, administrative expenses, outcomes and funding sources.

In addition, the Committee directs that the State Superintendent shall include, as a component of the fiscal year 2018 budget justification submission, an annual update of the District’s efforts, including research findings, to enhance the retention, persistence, and graduation rates of program participants, including early awareness and readiness initiatives to promote academic college preparation, guidance, and other support mechanisms and partnerships. The budget justification should also describe the status and effectiveness of cost containment measures instituted.

**FEDERAL PAYMENT FOR EMERGENCY PLANNING AND SECURITY COSTS  
IN THE DISTRICT OF COLUMBIA**

Appropriations, 2016 .....	\$13,000,000
Budget estimate, 2017 .....	34,895,000
Committee recommendation .....	34,895,000

**PROGRAM DESCRIPTION**

This Federal payment provides funds for emergency planning and security costs related to the presence of the Federal Government in the District of Columbia and surrounding jurisdictions.

COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment of \$34,895,000, for emergency planning and security costs, which is equal to the request. The Committee recommendation includes \$14,900,000 to meet the District's regular, expected annual planning and security costs and \$19,995,000 for one-time costs associated with the 2017 Presidential Inauguration. The 2017 request includes a greater amount for the District's inaugural expenses than for prior inauguration years. In addition, as of June 2016 the District has over \$24 million in unobligated balances in this account that remain available until expended. As has been the case with past inaugurations, any shortfall between the request and actual inaugural expenses incurred by the District can be covered through the use of existing unobligated balances in the District's emergency planning and security account, the account used to fund DC's inaugural expenses; a subsequent appropriation; or funding from other Federal sources.

The Committee directs the District of Columbia to submit a detailed budget justification for emergency planning and security with its funding request for fiscal year 2018. The Committee further directs the District of Columbia to submit, within 60 days of the end of fiscal year 2017, a report to the House and the Senate Committees on Appropriations detailing the purposes and amounts expended using the funds, particularly noting any deviation from the original proposed spending.

## FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA COURTS

Appropriations, 2016 .....	\$274,401,000
Budget estimate, 2017 .....	274,681,000
Committee recommendation .....	274,681,000

## PROGRAM DESCRIPTION

Under the National Capital Revitalization and Self-Government Improvement Act of 1997 (Public Law 105-33, title XI), the Federal Government is required to finance the District of Columbia Courts, the judicial branch of the District of Columbia government. This Federal payment to the District of Columbia Courts funds the operations of the District of Columbia Court of Appeals, Superior Court, the Court System, and the Capital Improvement Program. By law, the annual budget includes estimates of the expenditures for the operations of the Courts prepared by the Joint Committee on Judicial Administration, the Court's policy-making body, as well as the President's recommendation for funding the Courts' operations.

## COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment to the District of Columbia Courts of \$274,681,000, which is \$280,000 above the fiscal year 2016 enacted level. This amount includes \$14,414,000 for the Court of Appeals, \$125,961,000 for the Superior Court, \$75,585,000 for the Court System, and \$58,721,000 for capital improvements to courthouse facilities.

## FEDERAL PAYMENT FOR DEFENDER SERVICES IN DISTRICT OF COLUMBIA COURTS

Appropriations, 2016 .....	\$49,890,000
Budget estimate, 2017 .....	49,890,000
Committee recommendation .....	49,890,000

## PROGRAM DESCRIPTION

The District of Columbia Courts appoint and compensate attorneys to represent persons who are financially unable to obtain such representation. The Defender Services programs provide counsel for indigent persons who are charged with criminal offenses, for family proceedings involving child abuse, neglect, and termination of parental rights, and for guardianship proceedings for protection of mentally incapacitated individuals and minors whose parents are deceased.

In addition to legal representation, these programs provide indigent persons with services such as transcripts of court proceedings, expert witness testimony, foreign and sign language interpretation, and investigations and genetic testing.

## COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment of \$49,890,000 for Defender Services in the District of Columbia Courts. This is the same as the fiscal year 2016 enacted level and the same as the budget request.



FEDERAL PAYMENT TO THE COURT SERVICES AND OFFENDER  
SUPERVISION AGENCY FOR THE DISTRICT OF COLUMBIA

Appropriations, 2016 .....	\$244,763,000
Budget estimate, 2017 .....	248,008,000
Committee recommendation .....	248,008,000

PROGRAM DESCRIPTION

The Court Services and Offender Supervision Agency [CSOSA] for the District of Columbia is an independent Federal agency created by the National Capital Revitalization and Self-Government Improvement Act of 1997 (Public Law 105-33, title XI). CSOSA acquired the operational responsibilities for the former District agencies in charge of probation and parole, and houses the Pretrial Services Agency within its framework. The mission of CSOSA is to increase public safety, prevent crime, reduce recidivism, and support the fair administration of justice in close collaboration with the community.

COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment of \$248,008,000, which is the same as the request. Of this amount, \$65,287,000 is designated for the Pretrial Services Agency and \$182,721,000 is designated for the Community Supervision Program.

The Community Supervision Program's [CSP] challenge in effectively supervising and reducing recidivism among the offender population is substantial. Many offenders have significant needs, are a high risk to public safety and are prone to recidivate. Offenders who fail to successfully complete supervision and/or recidivate place an enormous burden on the offender's family, the community and the entire criminal justice system.

The Committee notes that CSP research of offender outcomes has shown that, compared to the total supervised population, offenders who recidivate are more likely to be younger, test positive for drugs, have unstable housing, lack employment, be supervised as part of a mental health caseload, and be assessed by CSP at the highest risk levels. The Committee supports the CSP's efforts to continue to adjust its programs and reallocate resources toward effective supervision of the highest risk and highest need offenders.

The Committee also notes the efforts of the Pretrial Services Agency to ensure public safety through high quality risk-assessment, supervision, testing and treatment procedures. Funds provided will help support efforts to improve identification of defendants who pose a higher risk of pretrial failure, enhance supervision and oversight of these defendants, and work with local partners to expand services and support for persons with substance dependence and mental health needs. In addition, the bill also includes a one-time increase for the Pretrial Services Agency for the costs associated with information technology requirements necessary for the establishment of a comprehensive in-house synthetics testing program. This funding will remain available until September 30, 2019. These resources will support redesign of the existing drug management system to accommodate additional substances for

testing, including additional synthetics, and allow PSA to provide critical trend information to enhance public safety.

FEDERAL PAYMENT TO THE PUBLIC DEFENDER SERVICE FOR THE  
DISTRICT OF COLUMBIA

Appropriations, 2016 .....	\$40,889,000
Budget estimate, 2017 .....	41,829,000
Committee recommendation .....	41,829,000

PROGRAM DESCRIPTION

The Public Defender Service [PDS] for the District of Columbia, an independent organization established by a District of Columbia statute (16 D.C. Code 2-1601-1608), has a distinct mission to provide and promote quality legal representation services within the District of Columbia justice system. PDS provides legal representation to indigent adults and children facing loss of liberty and provides support in the form of training, consultation, and legal reference services to members of the local bar appointed as counsel in criminal, juvenile, and mental health cases involving indigent individuals.

COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment to the Public Defender Service for the District of Columbia of \$41,829,000, which is equal to the budget request.

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA WATER AND  
SEWER AUTHORITY

Appropriations, 2016 .....	\$14,000,000
Budget estimate, 2017 .....	14,000,000
Committee recommendation .....	14,000,000

PROGRAM DESCRIPTION

Approximately one-third of the District of Columbia is served by a combined sewer system, constructed by the Federal Government in 1890, in which both sanitary waste and storm water flow through the same pipes. When the collection system or the Blue Plains treatment plant reach capacity, typically during periods of heavy rainfall, the system is designed to overflow the excess water. This mixture of sewage and storm water runoff is discharged to the Anacostia and Potomac Rivers, Rock Creek, and tributary waters between 60 and 75 times each year. Under a judicial consent decree entered on March 23, 2005, the Water and Sewer Authority is undertaking a 20-year, \$2,600,000,000 sewer construction program to reduce combined sewer overflows [CSO]. The Clean Rivers Project includes deep underground storage tunnels, side tunnels to reduce flooding, pump station rehabilitation, and the elimination of over a dozen CSO outfalls along the Potomac and Anacostia Rivers and Rock Creek. When completed in 2025, this project is expected to vastly improve water quality and significantly reduce contaminated discharges into and debris in our Nation's capital waterways as well as improve the health of the Chesapeake Bay.

COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment of \$14,000,000 to be matched by at least \$14,000,000 provided by the Water and Sewer Authority (DC Water), to continue implementation of the Long-Term Combined Sewer Overflow Control Plan. This is the same as the fiscal year 2016 enacted level.

FEDERAL PAYMENT TO THE CRIMINAL JUSTICE COORDINATING  
COUNCIL

Appropriations, 2016 .....	\$1,900,000
Budget estimate, 2017 .....	2,000,000
Committee recommendation .....	2,000,000

PROGRAM DESCRIPTION

The Criminal Justice Coordinating Council [CJCC] provides a forum for District of Columbia and Federal law enforcement to identify criminal justice issues and solutions, and improve the coordination of their efforts. In addition, the CJCC developed and maintains the Justice Integrated Information System which provides for the sharing of information with Federal and local law enforcement.

COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment of \$2,000,000 to CJCC. This is \$100,000 above the fiscal year 2016 enacted level and the same as the budget request.

The Committee directs the CJCC to submit annual performance measures in an annual report to accompany the fiscal year 2018 budget justification, which should also describe progress made on specific CJCC initiatives.

#### FEDERAL PAYMENT FOR JUDICIAL COMMISSIONS

Appropriations, 2016 .....	\$565,000
Budget estimate, 2017 .....	585,000
Committee recommendation .....	585,000

#### PROGRAM DESCRIPTION

The Judicial Nomination Commission [JNC] recommends a panel of three candidates to the President for each judicial vacancy in the District of Columbia Court of Appeals and Superior Court. From the panel selected by the JNC, the President nominates a person for each vacancy and submits his or her name for confirmation to the Senate. The Commission on Judicial Disabilities and Tenure [CJDT] has jurisdiction over all judges of the Court of Appeals and Superior Court and makes determinations as to whether a judge's conduct warrants disciplinary action and whether involuntary retirement of a judge for health reasons is warranted. In addition, the CJDT conducts evaluations of judges seeking reappointment and judges who retire and wish to continue service as a senior judge.

#### COMMITTEE RECOMMENDATION

The Committee recommends \$585,000 as a Federal payment for the judicial commissions, of which \$275,000 is designated for the Judicial Nomination Commission and \$310,000 is designated for the Commission on Judicial Disabilities and Tenure. This amount is the same as the fiscal year 2016 enacted level and the budget request. Funds shall remain available until September 30, 2018.

#### FEDERAL PAYMENT FOR SCHOOL IMPROVEMENT

Appropriations, 2016 .....	\$45,000,000
Budget estimate, 2017 .....	43,200,000
Committee recommendation .....	45,000,000

#### PROGRAM DESCRIPTION

As authorized by Scholarships for Opportunity and Results Act (SOAR Act) and as part of a three-part comprehensive funding strategy, the District of Columbia receives funds for District of Columbia Public Schools, Public Charter Schools and Opportunity Scholarships. The intent of this comprehensive funding approach was to ensure progress and improvement of DCPS and public charter schools, while ensuring continued funding to support the Opportunity Scholarship Program for students to attend private schools.

#### COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment of \$45,000,000 for school improvement which is the same as the fiscal year 2016 enacted level and \$1,800,000 above the budget request. These funds are allocated as follows: \$15,000,000 for District of Columbia

Public Schools, \$15,000,000 for Public Charter Schools and \$15,000,000 for Opportunity Scholarships.

The Administration proposed and the recommendation provides \$3,200,000, within the total provided, for the administrative, parental assistance, student academic assistance, and evaluation costs of the opportunity scholarship program. The level of funding for these activities is above the levels authorized by SOAR. However, the Committee supports the Administration's request and believes that it is critical that additional funding be provided to effectively administer the program, to increase parental assistance and outreach, and to provide academic assistance to students.

FEDERAL PAYMENT FOR THE D.C. NATIONAL GUARD

Appropriations, 2016 .....	\$435,000
Budget estimate, 2017 .....	450,000
Committee recommendation .....	450,000

PROGRAM DESCRIPTION

The Major General David F. Wherley, Jr. District of Columbia National Guard Retention and College Access Program provides tuition assistance for nonresident District of Columbia National Guard members.



## COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment of \$450,000 for the D.C. National Guard designated for the Major General David F. Wherley, Jr. District of Columbia National Guard Retention and College Access Program. This amount is \$15,000 above the fiscal year 2016 enacted level and the same as the budget request.

## FEDERAL PAYMENT FOR HIV/AIDS PREVENTION

Appropriations, 2016 .....	\$5,000,000
Budget estimate, 2017 .....	5,000,000
Committee recommendation .....	5,000,000

## PROGRAM DESCRIPTION

Based on the national HIV/AIDS case based reporting system, the District has among the highest AIDS diagnosis rates in the country. Currently, 2.5 percent of the population was diagnosed and is living with HIV. The District has established an evidence-based strategy of expanding routine HIV screening and early diagnosis, linkage and retention into care and treatment and population-level interventions that achieve large prevention impact.

## COMMITTEE RECOMMENDATION

The Committee recommendation includes a Federal payment of \$5,000,000 to support testing and treatment of HIV/AIDS.

## FEDERAL PAYMENT FOR THE FEDERAL CITY SHELTER

Appropriations, 2016 .....	
Budget estimate, 2017 .....	\$9,000,000
Committee recommendation .....	

The budget requests a new special Federal payment to redevelop a homeless shelter in the District of Columbia.

## COMMITTEE RECOMMENDATION

The Committee is unable to support the request for a new special Federal payment to the District of Columbia. The Federal City Shelter, operated by the Community for Creative Non-Violence, is owned by the District and maintained by the DC Department of General Services. The Committee notes that both the Office of the Mayor and the Council of the District of Columbia are working on comprehensive plans to overhaul the shelters in the District of Columbia and that both local funds and other Federal funding sources may be available to address housing needs.

## DISTRICT OF COLUMBIA FUNDS

The Committee recommends, for the operating expenses of the District of Columbia, the amount as set forth in the enrolled version of the Fiscal Year 2017 Budget Request Act of 2016, District of Columbia Bill 21-668, as may be amended.

*Budget Autonomy.*—The Founding Fathers recognized the importance of establishing a seat for the Federal Government. Accordingly, article I, section 8 of the Constitution provides that Congress exercises “exclusive Legislation in all Cases whatsoever” in the District of Columbia. The Supreme Court has held in the case of *Palmore v. United States* that this clause vests Congress with “plenary” authority to exercise powers to legislate for all matters in the District. Pursuant to this Constitutional power, Congress enacted the District of Columbia Home Rule Act in 1973. The District government holds only the powers that Congress granted it through the Home Rule Act. Though that act granted the District substantial powers of local self-government, it expressly preserved Congressional authority to review and affirmatively approve all District obligations and expenditures. The Home Rule Act did not grant the Government of the District of Columbia authority to change the longstanding process through which the District Government transmits its budget request to the President for submission to Congress, with all amounts—local or otherwise—becoming available for obligation or expenditure only in accordance with an act of Congress. Indeed, section 603 of the Home Rule Act explicitly provided that the act made “no change in existing law, regulation, or basic procedure and practice relating to the respective roles of the Congress, the President, the Federal Office of Management and Budget, and the Comptroller General of the United States in the preparation, review, submission, examination, authorization, and appropriation of the total budget of the District of Columbia Government.” Because section 603 is not part of the District Charter, it cannot be amended by the District Council or voters. The President acknowledges that only an act of Congress may change the District’s budget process, as his budget submissions over the past several years have included language requesting that Congress enact legislation in this area. The President even included such language in his fiscal year 2015, 2016, and 2017 budgets, all of which he submitted after the District purported to pass its Budget Autonomy Act, suggesting that the President believes the District lacked authority to pass the act and that it was, therefore, ineffective. Furthermore, the Budget Autonomy Act had no effect on the applicability of the Antideficiency Act (31 U.S.C. 1341), which bars “an officer or employee of the United States Government or of the District of Columbia government” from incurring obligations or making expenditures that exceed the amount appropriated by law.

TITLE V

INDEPENDENT AGENCIES

ADMINISTRATIVE CONFERENCE OF THE UNITED STATES

SALARIES AND EXPENSES

Appropriations, 2016 .....	\$3,100,000
Budget estimate, 2017 .....	3,200,000
Committee recommendation .....	3,100,000

PROGRAM DESCRIPTION

The Administrative Conference of the United States [ACUS] is an independent agency and advisory committee created to study administrative processes in order to recommend improvements to Congress and agencies.

COMMITTEE RECOMMENDATION

The Committee recommends \$3,100,000 for ACUS for fiscal year 2017.

## COMMODITY FUTURES TRADING COMMISSION

## SALARIES AND EXPENSES

## (INCLUDING TRANSFERS OF FUNDS)

Appropriations, 2016 .....	\$250,000,000
Budget estimate, 2017 .....	330,000,000
Committee recommendation .....	250,000,000

## PROGRAM DESCRIPTION

The Commodity Futures Trading Commission [CFTC] was established as an independent agency by the Commodity Futures Trading Commission Act of 1974 (88 Stat. 1389; 7 U.S.C. 4a). The Commission administers the Commodity Exchange Act, 7 U.S.C. section 1, et seq.

The CFTC oversees our Nation's futures, options and swaps markets. The Commission's mission is to foster transparent, open, competitive and financially sound derivatives markets. Effective oversight by the CFTC protects market participants from fraud, manipulation and abusive practices, and protects the public and our economy from systemic risk related to derivatives.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$250,000,000 for the Commodity Futures Trading Commission.

The Committee recommendation includes \$50,000,000 for the purchase of information technology. The Committee highlights the crucial need for the CFTC to make mission-critical investments in technology to sort through the vast volume of data and information generated daily by markets. The CFTC's responsibilities to conduct effective oversight and analysis of the swaps and futures markets requires greater attention to and investments in its information technology systems.

The Committee recommendation for fiscal year 2017 includes \$3,000,000 for the OIG. Of this amount, not more than \$479,900 should be for overhead expenses.

*Spending Plan.*—The Committee directs the CFTC to submit, within 30 days of enactment, a detailed spending plan for the allocation of the funds made available, displayed by discrete program, project, and activity, including staffing projections, specifying both FTEs and contractors, and planned investments in information technology.

The Committee remains concerned that the CFTC has made long-term budgetary and leasing decisions based on the agency's requested budget level rather than on its enacted appropriation. Given the agency's budget request has far exceeded the appropriated amount it received in recent years, the CFTC Inspector General has criticized the agency for allowing "hope to trump experience" in long-term budgeting decisions.

*Leasing Practices.*—The Committee is deeply concerned with the leasing practices of the CFTC. The Government Accountability Office [GAO] ruled in February that the CFTC failed to properly record its lease obligations in violation of the recording statute, 31 U.S.C. 1501(a)(1), which is expected to result in the CFTC report-

ing an Antideficiency Act violation. This is particularly troubling given similar violations at the Securities and Exchange Commission were brought to light in 2011, yet CFTC leadership failed to correct these problems. Moreover, GAO released a study in April that documented the Commission's failure to make lease procurement decisions that were cost-effective and consistent with internal control standards. The CFTC Inspector General estimates that the Commission will spend between \$44,700,000 and \$56,600,000 on empty office space over the terms of its current leases. Given the agency's recurring appeals for additional funding, the Committee remains concerned that a significant amount of taxpayer money that could otherwise be used to protect investors and ensure our markets are free from fraud, manipulation and other abuses is instead spent on unneeded office space. The Committee expects the CFTC to work through GSA on future lease agreements and renewals.

*Collective Bargaining Agreements.*—The Committee is aware of negotiations at the Commission concerning a collective bargaining agreement for agency employees. The Anti-Deficiency Act requires that agencies ensure that the cost of agreements made in collective bargaining be constrained by the dollar limitations of their appropriations. As such, the Committee directs the CFTC to not increase agency personnel or benefit costs through excessive hiring or collective bargaining agreement negotiations that would result in furloughs, reductions-in-force, or a hiring freeze that could compromise the agency's ability to carry out its mission of fostering open and transparent markets and protecting market users from fraud, manipulation, and abusive practices.

## CONSUMER PRODUCT SAFETY COMMISSION

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$125,000,000
Budget estimate, 2017 .....	130,500,000
Committee recommendation .....	124,000,000

## PROGRAM DESCRIPTION

The Consumer Product Safety Commission [CPSC] is an independent regulatory agency that was established on May 14, 1973, and is responsible for protecting the public against unreasonable risks of injury from consumer products; assisting consumers to evaluate the comparative safety of consumer products; developing uniform safety standards for consumer products and minimizing conflicting State and local regulations; and promoting research and investigation into the causes and prevention of product-related deaths, illnesses, and injuries.

In carrying out its mandate, the CPSC establishes mandatory product safety standards, where appropriate, to reduce the unreasonable risk of injury to consumers from consumer products; helps industry develop voluntary safety standards; bans unsafe products if it finds that a safety standard is not feasible; monitors recalls of defective products; informs and educates consumers about product hazards; conducts research and develops test methods; collects and publishes injury and hazard data; and promotes uniform product regulations by governmental units.

## COMMITTEE RECOMMENDATION

The Committee recommends \$124,000,000 for the Consumer Product Safety Commission. This amount is \$1,000,000 below the enacted level due to one-time costs provided in fiscal year 2016 for third-party test burden reduction.

*Flame Retardant Chemicals.*—As the Commission considers new upholstered furniture flammability standards, the Committee encourages the Commission to take steps to reduce or limit the use of flame retardant chemicals pursuant to its consumer products safety rule authority (15 U.S.C. 2058). In 2012, the Commission released a study that indicates that flame retardant chemicals, as currently used in upholstered furniture foam, have no practical impact on flammability.

*Furniture Tip-Overs.*—Furniture tip-overs, particularly televisions, remain a serious risk to children and consumers. The Committee encourages the Commission to continue to engage with industry, consumer groups, and the public to increase efforts to limit or mitigate the risk associated with furniture tip-overs.

*Recreational Off-highway Vehicles.*—The Committee is encouraged by reports of significant positive engagement between CPSC and stakeholders regarding efforts to use the voluntary standard process to develop improved safety standards for recreational off-highway vehicles [ROVs] in lieu of mandatory standards through rulemaking. The Committee, however, remains concerned that mandatory rulemaking regarding ROVs has not been terminated or removed from the Commission's agenda. The Committee directs CPSC to submit a report within 60 days of enactment to the Com-



mittees on Appropriations detailing the status of the voluntary standards and the Commission's intentions with respect to the mandatory rulemaking.

*Youth Sports Concussion.*—Within 180 days of enactment, CPSC shall report to the Committee on voluntary industry standards and product labeling requirements for youth sports protective headgear and helmets, including Commission participation and Commission employee involvement in voluntary standards activities.

#### ELECTION ASSISTANCE COMMISSION

##### SALARIES AND EXPENSES

##### (INCLUDING TRANSFER OF FUNDS)

Appropriations, 2016 .....	\$9,600,000
Budget estimate, 2017 .....	9,800,000
Committee recommendation .....	9,600,000

##### PROGRAM DESCRIPTION

The Election Assistance Commission [EAC] was created by the Help America Vote Act of 2002 [HAVA] (Public Law 107-252) and is charged with implementing provisions of that act relating to the reform of Federal election administration.

##### COMMITTEE RECOMMENDATION

The Committee provides \$9,600,000 for EAC's administrative expenses, which is equal to the fiscal year 2016 enacted level. The Committee bill requires that \$1,500,000 of these funds be transferred to the National Institute for Standards and Technology [NIST] for technical assistance related to the development of voluntary State voting systems guidelines.

Within 30 days of the transfer, the Director of NIST (or designee) shall provide to the Executive Director (or Acting) of the EAC and the Committee an expenditure plan for the funds that includes: (1) the number and position title and office of each staff person doing work and amount of time each staff person spends on that work; (2) the specific tasks accomplished including length of time needed to accomplish the task; (3) an explanation of expenditures, including contracts and grants, and use of the EAC funding transferred to NIST (including enumeration of funds); and (4) an explanation of how the work accomplished relates to mandated activities under HAVA. Finally, the Executive Director (or Acting) of the EAC and Director of NIST (or designee) shall work together to set priorities for the work outlined in order to meet timelines.

## FEDERAL COMMUNICATIONS COMMISSION

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$384,012,000
Budget estimate, 2017 .....	358,286,000
Committee recommendation .....	341,315,000

## PROGRAM DESCRIPTION

The Federal Communications Commission [FCC] is charged with regulating interstate and international communications by radio, television, wire, satellite, and cable. The FCC is also charged with promoting the safety of life and property through wire and radio communications. The mandate of the FCC under the Communications Act is to make available to all people of the United States a rapid, efficient, nationwide, and worldwide wire and radio communication service. The FCC performs five major functions to fulfill this charge: (1) spectrum allocation; (2) creating rules to promote fair competition and protect consumers where required by market conditions; (3) authorization of service; (4) enhancing public safety and homeland security; and (5) enforcement.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$341,315,000 for the Salaries and Expenses of the FCC for fiscal year 2017. Of this amount, the Committee dedicates \$16,866,992 to moving expenses for the FCC's expiring lease for its headquarters building that will be utilized to either relocate operations to a new facility with substantially reduced square footage and lower rental expenses or to significantly reduce the agency's leased space at its current location and restack employees within the smaller footprint. Within 30 days of the end of each quarter, the FCC is directed to provide moving expenditure reports to the Committee with itemized amounts and descriptions of all moving expenditures. In recent years, the Commission has prioritized politically polarizing rulemaking at the expense of the agency's mission-critical work. It is the Committee's hope that the Commission will better allocate the resources it receives in fiscal year 2017 to more effectively fulfill the agency's core responsibilities under the Communications Act. The total appropriation of \$341,315,000 will be derived from offsetting collections.

The Committee also recommends that up to \$117,000,000 be retained from spectrum auction activities to fund the administrative expenses of conducting such auctions.

The Committee has included language (section 501) to extend FCC's exemption from the Anti-deficiency Act [ADA] until December 31, 2018.

The Committee has included language (section 502) that prohibits the FCC from enacting certain recommendations regarding universal service that were made by the Joint Board of FCC members and State utility commissioners.

*Joint Sales Agreements.*—On May 25, 2016, the U.S. Court of Appeals for the Third Circuit vacated the FCC's March 31, 2014, order attributing, and thereby effectively prohibiting, most TV joint sales agreements [JSAs]. Last year, the Consolidated Appropriations Act of 2016 (Public Law 114–113), grandfathered existing TV

JSAs through September 30, 2025. The Committee is now including a provision in title VI to reiterate Congress' strong support for the continuing operation of existing TV JSAs, regardless of the assignment or transfer of the stations involved in those agreements, and strongly opposes any new Commission action to attribute JSAs.

*Incentive Auction.*—The Committee is gravely concerned with the impact the incentive auction will have on television broadcasters required to relocate during the repacking process. The Middle Class Tax Relief and Job Creation Act of 2012 (Public Law 112–96) established the TV Broadcaster Relocation Fund into which \$1,750,000,000 will be deposited to cover repacking costs associated with relocating broadcasters to new channel assignments. Despite assurances from the FCC that the Relocation Fund will cover broadcasters' relocation expenses, the Committee remains concerned that \$1,750,000,000 will be insufficient. The Committee is also concerned that the 39-month deadline for stations to be repacked following the auction will be insufficient.

The Commission is directed to immediately notify the House and Senate Committees on Appropriations, the Senate Committee on Commerce, and the House Committee on Energy and Commerce should additional relocation funding be necessary or should problems arise in meeting the Commission's transition deadline.

Not later than 90 days after the completion of the forward auction or 30 days after enactment of this act, the Commission is directed to submit a preliminary auctions report to the Committee. The report should include but not be limited to information relating to how many broadcast television stations have submitted reimbursement forms; the aggregate amount of reimbursements requested from the TV Broadcaster Relocation Fund; an estimate of what resources are available to reimburse costs; how many television stations will be required to relocate to a new channel assignment; and the status of spectrum coordination with Canada and Mexico.

Not later than 240 days after the completion of the forward auction, the Commission is directed to submit to the Committee another report that includes but is not limited to information relating to the construction schedule for relocating television stations; whether broadcast television viewers will face any service disruptions from new channel assignments; and an estimate of the impact the repacking process on rural areas and television broadcast translator services.

*ATSC 3.0.*—As a result of the spectrum incentive auction, numerous television broadcast stations will be required to move to newly designated channel assignments that could require the purchase of new antennas, transmitters, transmission lines, and other facilities. Separately, the Advanced Television Systems Committee is moving forward with an innovative, next-generation Internet protocol-based broadcast standard [ATSC 3.0], and will be filing a petition with the Commission to approve this new standard. ATSC 3.0 equipment is expected to be commercially available in time for the repacking required by the spectrum incentive auction. The Committee urges the Commission to move forward with the ATSC 3.0 standard as expeditiously as possible so that TV broadcasters

may purchase the facilities they need without wasting limited funds on outdated, unnecessary equipment.

*Wireless Support.*—The Committee includes a provision that would provide certainty to rural wireless broadband users and carriers across the Nation as the Federal Communications Commission continues to develop a new framework for parts of the Universal Service Fund. The provision reaffirms the intent of current regulations adopted by the Commission (47 CFR 54.307(e)(5) and (e)(6)) that provide that competitive eligible telecommunications carriers will continue to receive reliable support until Mobility Fund Phase II is implemented. The Committee preserves the Commission's flexibility to develop nationwide replacement mechanisms for high-cost support, which could include Mobility Fund Phase II, another support mechanism, or set of support mechanisms and a separate but complementary Alaska-specific support mechanism. The Committee does not intend that this section will limit the Commission's consideration, development, or adoption of a replacement mechanism other than Mobility Fund Phase II or a separate Alaska-specific support mechanism.

*Enhanced Underwriting Announcements.*—The Committee understands that in the current economic environment, Non-Commercial Educational [NCE] Public Interest Obligation [PIO] license holders are facing financial challenges and looking for new and efficient ways of operating. It is important to ensure that NCE PIO standards for enhanced underwriting announcements are applied uniformly for all such stations. Therefore, the Committee encourages the FCC to work with all broadcasters to consider their intent when reviewing and interpreting the NCE PIO guidelines and to provide parity in treatment to all stations.

*Call Completion in Rural Areas.*—The FCC shall report to the Committee within 90 days of enactment of this act detailing the Commission's efforts to resolve call completion issues and to prevent discriminatory delivery of calls to any area of the country. The report shall include information on the number of call completion complaints filed with the Commission in the previous 12 months and on the Commission's resulting enforcement actions.

*Universal Service Reform.*—The Committee remains concerned regarding waste, fraud, and abuse within the Universal Service Fund. The Committee encourages the FCC to continue prioritizing the expansion of broadband availability in unserved rural areas through the Connect America Fund.

*Drive Testing.*—The Committee directs the FCC to conduct a feasibility study of conducting mobile broadband coverage drive testing in rural areas. The Commission is directed to report the results of the study to the Committee within 180 days of enactment.

*Broadband Connectivity on Tribal Lands.*—The Committee remains concerned about the lack of access to broadband services on tribal lands. American Indian, Alaska Native, and Native Hawaiian communities face significant obstacles to the deployment of broadband infrastructure, including high buildout costs, limited financial resources that deter investment by commercial providers, and a lack of technical training and expertise within many such communities to undertake deployment and adoption planning. Sixty-eight percent of residents on rural, tribal lands lack access to

fixed broadband service, which is seven times worse than the national average. The Committee directs the Commission to set interim goals and performance measures for increasing access to broadband on tribal lands, and directs \$500,000 to support consultation with federally recognized Indian tribes, Alaska Native villages, and entities related to Hawaiian home lands.

*National Broadband Map.*—The Committee is concerned that the data the FCC makes available in the National Broadband Map may not be fully accurate, complete, and reliable. Accordingly, the Committee directs the FCC to report to Congress on the actions the FCC plans to take to address the current limitations of the data in the National Broadband Map or any successor maps.

*Consumer Complaints Database.*—The Committee encourages the FCC to analyze information from the consumer complaints database to identify potential enforcement actions and/or changes to current FCC policies.

*Electronic Comment Filing System.*—The FCC's Electronic Comment Filing System [EFCS] serves as the repository for official records in the FCC's docketed proceedings and rulemakings from 1992 to the present. Although it is intended to allow consumers to research, retrieve, view, and print any document in the system, EFCS is cumbersome and difficult to use. The Committee encourages the FCC to modernize EFCS as part of its overall information technology reform efforts.

*Commission Transparency.*—The Committee directs the FCC to identify any changes made to an item after its adoption by the Commission, at the time such item is published.

*Coordination on Rural Communications Services.*—The Committee recognizes the FCC's vital role in preserving and advancing universal communications services. The Committee encourages the FCC to coordinate efforts with the Rural Utility Service to optimize the use of limited resources and promote broadband deployment in rural America.

*Information Technology Reform.*—The Committee directs the Commission to report to the Committee within 6 months on how it will prioritize future IT reform efforts and identify the most important IT systems to be modernized.

#### FEDERAL DEPOSIT INSURANCE CORPORATION

##### OFFICE OF THE INSPECTOR GENERAL

Appropriations, 2016 .....	\$34,568,000
Budget estimate, 2017 .....	35,958,000
Committee recommendation .....	35,958,000

##### PROGRAM DESCRIPTION

The Federal Deposit Insurance Corporation [FDIC] Office of Inspector General [OIG] conducts audits, investigations, and other reviews to assist and augment the FDIC's contribution to the stability of, and public confidence in, the Nation's financial system. A separate appropriation more effectively ensures the OIG's independence consistent with the Inspector General Act of 1978 and other legislation.

## COMMITTEE RECOMMENDATION

The Committee recommends \$35,958,000 for the FDIC inspector general, the same as the budget request and \$1,390,000 more than the fiscal year 2016 enacted level. Funds are to be derived from the Deposit Insurance Fund and the Federal Savings and Loan Insurance Corporation resolution fund.

## FEDERAL ELECTION COMMISSION

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$76,119,000
Budget estimate, 2017 .....	80,540,000
Committee recommendation .....	79,119,000

## PROGRAM DESCRIPTION

The Federal Election Commission [FEC] was created through the 1974 Amendments to the Federal Election Campaign Act of 1971 (Public Law 93-443). Consistent with its duty of executing our Nation's Federal campaign finance laws, and in pursuit of its mission of maintaining public faith in the integrity of the Federal campaign finance system, the FEC conducts three major regulatory programs: (1) providing public disclosure of funds raised and spent to influence Federal elections; (2) enforcing compliance with restrictions on contributions and expenditures made to influence Federal elections; and (3) administering public financing of Presidential campaigns.

## COMMITTEE RECOMMENDATION

The Committee recommends \$79,119,000 for the Federal Election Commission. The recommendation includes \$8,000,000 to cover expenses associated with the expiration of the FEC's lease.

## FEDERAL LABOR RELATIONS AUTHORITY

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$26,200,000
Budget estimate, 2017 .....	27,062,000
Committee recommendation .....	26,200,000

## PROGRAM DESCRIPTION

The Federal Labor Relations Authority [FLRA] is an independent administrative Federal agency created by title VII of the Civil Service Reform Act of 1978 (Public Law 95-454) with a mission to carry out five statutory responsibilities in relation to the Federal workforce: (1) determining the appropriateness of units for labor organization representation; (2) resolving complaints of unfair labor practices; (3) adjudicating exceptions to arbitrator's awards; (4) adjudicating legal issues relating to the duty to bargain; and (5) resolving impasses during negotiations.

The FLRA's authority is divided by law and by delegation among a three-member authority and an Office of General Counsel, appointed by the President and subject to Senate confirmation; and the Federal Service Impasses Panel, which consists of seven part-time members appointed by the President.



## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$26,200,000 for the Federal Labor Relations Authority.

## FEDERAL TRADE COMMISSION

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$306,900,000
Budget estimate, 2017 .....	342,000,000
Committee recommendation .....	306,900,000

## PROGRAM DESCRIPTION

The Federal Trade Commission [FTC] administers a variety of Federal antitrust and consumer protection laws. Activities in the antitrust area include detection and elimination of illegal collusion, anticompetitive mergers, unlawful single-firm conduct, and injurious vertical agreements. The FTC enforces consumer protection laws involving advertising, marketing, and financial practices; fights consumer fraud; and addresses privacy and identity protection concerns.

## COMMITTEE RECOMMENDATION

The Committee recommendation provides \$306,900,000 for the salaries and expenses of the FTC for fiscal year 2017.

The Congressional Budget Office estimates \$125,000,000 of collections from Hart-Scott-Rodino premerger filing fees and \$15,000,000 of collections from Do-Not-Call fees will partially offset the appropriation requirement for this account. The total amount of direct appropriations for this account is therefore \$166,900,000.

The Committee recognizes the FTC's mission to preserve competition in the marketplace and protect consumers, including efforts to improve the security of consumer financial transactions. The recommended funding will support these necessary endeavors. The recommendation includes funding for the FTC Do-Not-Call initiative, of which the entire amount is to be derived from the collection of fees.

*Sports Concussion.*—According to the Centers for Disease Control and Prevention, a concussion is a type of traumatic brain injury that can occur in any sport or recreation activity.

Given the potential for real injury to children, the Committee encourages the FTC to remain vigilant in its enforcement efforts against potential unfair and deceptive practices related to sports concussion. The FTC should review any National Academies' report on sports-related concussions in youth for any matter that may inform efforts to protect consumers from unfair or deceptive practices in or affecting commerce.

*Contact Lenses.*—The Committee is aware of the FTC's ongoing review of its contact lens rule and encourages the agency to consider modifications that prioritize patient safety and strengthen enforcement mechanisms aimed at combating illegal sales of contact lenses based on expired or non-existent prescriptions, while coordinating with the Centers for Disease Control and Prevention to disseminate contact lens safety information to consumers.



*Agency Overlap.*—The Committee is aware that on March 12, 2015, the FTC and Consumer Financial Protection Bureau [CFPB] reauthorized their ongoing Memorandum of Understanding designed to facilitate interagency coordination on efforts to protect consumers. The Committee directs the FTC to continue to maximize efficiencies and avoid duplication of Federal law enforcement and regulatory efforts.

GENERAL SERVICES ADMINISTRATION

PROGRAM DESCRIPTION

The General Services Administration [GSA] was established by the Federal Property and Administrative Services Act of 1949 (Public Law 81-152) when Congress mandated the consolidation of the Federal Government's real property and administrative services. GSA is organized into the Public Buildings Service, the Federal Acquisition Service, the Office of Governmentwide Policy, and the Office of Citizen Services.

COMMITTEE RECOMMENDATION

*FBI Headquarters Consolidation.*—The Committee supports full consolidation of the Federal Bureau of Investigations [FBI] headquarters to better support its mission and is concerned about further delays in the execution of the FBI headquarters project. The Committee expects GSA to adhere to the timeline finalized on January 22, 2016. GSA is directed to move forward in a transparent manner. GSA is directed to notify the Committee immediately should problems arise in meeting the established schedule.

*Land Border Partnerships.*—The Committee remains concerned that GSA is not taking effective steps to improve review practices and responsiveness with respect to enter into donation or gift agreements with interested parties in the border region. The Committee is concerned that if GSA does not improve review practices and responsiveness, a significant opportunity to demonstrate that this authority can deliver results will have been missed and future interest from non-Federal entities in improving land border infrastructure will be effectively discouraged. Not more than 60 days after the date of enactment, GSA is directed to report, after consultation with relevant Federal agencies, on proposed steps to strengthen and improve the review process, including imposition of specific deadlines for inter-agency reviews and response to pending proposals, and incorporation of an evaluation process for assessing impacts to non-Federal stakeholders and international trading partners, for donation proposals under the provisions of the relevant provisions of section 559 of division F of Public Law 113-76, as amended, as well as the traditional gift acceptance process provided for under 40 U.S.C. 3175. GSA is also directed to submit a detailed list of donation and gift proposals for land border ports currently under review, and provide a status report on each proposal.

*Data Center Consolidation.*—The Federal Data Center Consolidation Initiative was launched in 2010 to reduce the cost and footprint of government data centers and increase IT security. The new Data Center Optimization Initiative continues to encourage agencies to reduce data centers and utilize cloud-based services where possible. Given budget constraints and limited IT funding, data center consolidation and optimization continues to present significant savings opportunities to curb spending on underutilized infrastructure. The National Center for Critical Information Processing and Storage [NCCIPS] is a shared service, multi-tenant Federal data facility that was established to consolidate efforts across Federal agencies to store and secure data. During the Federal Data

Center Consolidation Initiative, GSA utilized available infrastructure at NCCIPS to consolidate multiple systems and reduce legacy costs. The Committee directs GSA to continue taking advantage of consolidation efforts to more rapidly achieve IT modernization that results in significant cost savings and a reduced carbon footprint for GSA's computing environment.

*Sustainable Roofing Systems.*—The Committee recognizes the importance of providing energy efficient, sustainable, and cost effective measures that address more effectively the infrastructure needs of Federal agencies. GSA should continue to develop sustainable roofing systems that minimize the burden on the environment, reduce costs, conserve energy, and extend the useful life of roof assets.

*Transportation Technology.*—The Committee directs the General Services Administration to complete an assessment of transportation technologies for those Federal vehicle fleets operated by or leased from the General Services Administration and submit a report to the Committee that describes, for each vehicle fleet: (1) which types of transportation technology the agency uses that could be converted to electric transportation technology without increasing costs to taxpayers; (2) an estimate of how many such plug-in electric drive vehicles could be deployed by the General Services Administration and each leasing Federal agency by 2020; and (3) the estimated net cost to the General Services Administration and each leasing Federal agency.

#### FEDERAL BUILDINGS FUND—LIMITATIONS ON AVAILABILITY OF REVENUE

##### (INCLUDING TRANSFER OF FUNDS)

##### Limitation on availability of revenue:

Limitation on availability, 2016 .....	\$10,196,124,000
Limitation on availability, budget estimate, 2017 .....	10,178,338,000
Committee recommendation .....	9,377,869,000

The Federal Buildings Fund [FBF] finances the activities of the Public Buildings Service, which provides space and services for Federal agencies in a relationship similar to that of landlord and tenant. The FBF, established in 1975, replaces direct appropriations by using income derived from rent assessments, which approximate commercial rates for comparable space and services. The Committee makes funds available through a process of placing limitations on obligations from the FBF as a way of allocating funds for various FBF activities.

#### CONSTRUCTION AND ACQUISITION

Limitation on availability, 2016 .....	\$1,607,738,000
Limitation on availability, budget estimate, 2017 .....	1,330,522,000
Committee recommendation .....	764,749,000

#### PROGRAM DESCRIPTION

The construction and acquisition fund finances the site, design, construction, management, and inspection costs of new Federal facilities.

## COMMITTEE RECOMMENDATION

The Committee recommends a limitation of \$764,749,000 for construction and acquisition in fiscal year 2017.

The Committee recommendation includes full funding for the FBI Headquarters Consolidation Project and the Animal and Plant Health Inspection Service facility at the Pembina, North Dakota, U.S. Land Port of Entry, both of which were requested in the President's fiscal year 2017 budget.

## REPAIRS AND ALTERATIONS

Limitation on availability, 2016 .....	\$735,331,000
Limitation on availability, budget estimate, 2017 .....	841,617,000
Committee recommendation .....	632,539,000

## PROGRAM DESCRIPTION

Under this activity, the General Services Administration [GSA] executes its responsibility for repairs and alterations [R&A] of both Government-owned and -leased facilities under the control of GSA.

## COMMITTEE RECOMMENDATION

The Committee recommends a limitation of \$632,539,000 for repairs and alterations in fiscal year 2017.

The Committee recommends \$289,245,000 for major repairs and alterations projects, \$301,594,000 for Basic Repairs and Alterations, \$20,000,000 for the Fire and Life Safety Program, and \$26,700,000 for the Judiciary Capital Security Program.

## RENTAL OF SPACE

Limitation on availability, 2016 .....	\$5,579,055,000
Limitation on availability, budget estimate, 2017 .....	5,655,581,000
Committee recommendation .....	5,645,581,000

## PROGRAM DESCRIPTION

The rental of space program funds lease payments made to privately owned buildings, temporary space for Federal employees during major repair and alteration projects, and relocations from Federal buildings due to forced moves and relocations as a result of health and safety conditions. GSA is responsible for leasing general purpose space and land incident thereto for Federal agencies, except in cases where GSA has delegated its leasing authority.

## COMMITTEE RECOMMENDATION

The Committee recommends a limitation of \$5,645,581,000 for rental of space.

## BUILDING OPERATIONS

Limitation on availability, 2016 .....	\$2,274,000,000
Limitation on availability, budget estimate, 2017 .....	2,350,618,000
Committee recommendation .....	2,335,000,000

## PROGRAM DESCRIPTION

This activity provides for the operation of all Government-owned facilities under the jurisdiction of GSA and building services in

GSA-leased space where the terms of the lease do not require the lessor to furnish such services. Services included in building operations are cleaning, protection, maintenance, payments for utilities and fuel, grounds maintenance, and elevator operations.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation of \$2,335,000,000 for building operations.

## GOVERNMENTWIDE POLICY

Appropriations, 2016 .....	\$58,000,000
Budget estimate, 2017 .....	64,497,000
Committee recommendation .....	60,000,000

## PROGRAM DESCRIPTION

The Office of Governmentwide Policy [OGP], working cooperatively with other agencies, provides the leadership needed to develop and evaluate policies associated with high-performance green buildings and real property, acquisition policy, personal property, travel and transportation management, vehicles and aircraft, committee and regulations management, and management of Federal spending data. OGP collaborates with partner agencies and other stakeholders to improve public access to policy information and support data, and improve transparency in Government.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$60,000,000 for Governmentwide Policy. Of the amount provided, GSA is directed to dedicate not less than \$2,000,000 to establishing the Unified Shared Services Management Office.

## OPERATING EXPENSES

Appropriations, 2016 .....	\$58,560,000
Budget estimate, 2017 .....	59,449,000
Committee recommendation .....	58,560,000

## PROGRAM DESCRIPTION

Operating Expenses supports a variety of operational activities which are not feasible or appropriate for a user fee arrangement. Major programs include the personal property utilization and donation activities of the Federal Acquisition Service; the real property utilization and disposal activities of the Public Buildings Service; the activities of the Civilian Board of Contract Appeals; and the Management and Administration activities, including support of Governmentwide emergency response and recovery activities, and top-level agency-wide management, administration, and communications activities.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$58,560,000 for Operating Expenses.

## OFFICE OF INSPECTOR GENERAL

Appropriations, 2016 .....	\$65,000,000
Budget estimate, 2017 .....	66,000,000
Committee recommendation .....	65,000,000

## PROGRAM DESCRIPTION

This appropriation provides agency-wide audit and investigative functions to identify and correct management and administrative deficiencies within the General Services Administration [GSA], which create conditions for existing or potential instances of fraud,

waste, and mismanagement. The audit function provides internal audit and contract audit services. Contract audits provide professional advice to GSA contracting officials on accounting and financial matters relative to the negotiation, award, administration, re-pricing, and settlement of contracts. Internal audits review and evaluate all facets of GSA operations and programs, test internal control systems, and develop information to improve operating efficiencies and enhance customer services. The investigative function provides for the detection and investigation of improper and illegal activities involving GSA programs, personnel, and operations.

#### COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$65,000,000 for the Office of Inspector General. In addition, the Office of Inspector General has access to unobligated no-year funds that were appropriated in fiscal years 2014, 2015, and 2016.

#### ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

Appropriations, 2016 .....	\$3,277,000
Budget estimate, 2017 .....	3,865,000
Committee recommendation .....	3,865,000

#### PROGRAM DESCRIPTION

This appropriation currently provides pensions, office staffs, and related expenses for former Presidents Jimmy Carter, George H.W. Bush, William Clinton, and George W. Bush.

#### COMMITTEE RECOMMENDATION

The Committee recommends \$3,865,000 for allowances and office staff for former Presidents.

#### EXPENSES, PRESIDENTIAL TRANSITION

##### (INCLUDING TRANSFER OF FUNDS)

Appropriations, 2016 .....	
Budget estimate, 2017 .....	\$9,500,000
Committee recommendation .....	9,500,000

#### PROGRAM DESCRIPTION

In accordance with the Presidential Transition Act of 1963, this appropriation will enable GSA to provide transition services, including office space, communications services, printing, and postage costs.

#### COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$9,500,000 for presidential transition expenses, which is equal to the fiscal year 2017 budget request.



## FEDERAL CITIZEN SERVICES FUND

Appropriations, 2016 .....	\$55,894,000
Budget estimate, 2017 <sup>1</sup> .....	58,428,000
Committee recommendation .....	55,894,000

<sup>1</sup> The budget includes funding for the E-Gov Fund under this account.

## PROGRAM DESCRIPTION

The Federal Citizen Services Fund provides for the salaries and expenses of the Office of Citizen Services and Innovative Technologies [OCSIT]. OCSIT provides the means for citizens, businesses, other governments, and the media to obtain information and services easily from the Government via the Web, email, printed media, and telephone. OCSIT leads several interagency groups to share best practices and develop strategies for improving the way Government provides services to the American public.

The Federal Citizen Services [FCS] Fund is financed from annual appropriations to pay for the salaries and expenses of OCSIT staff and Citizens Services programs. Reimbursements from Federal agencies pay for the direct costs of information services OCSIT provides on their behalf. The FCS Fund also receives funding from user fees for publications ordered by the public, payments from private entities for services rendered, and gifts from the public. All income is available without regard to fiscal year limitations, but is subject to an annual aggregate expenditure limit as set forth in appropriation acts.

## COMMITTEE RECOMMENDATION

The Committee recommends \$55,894,000 for the Federal Citizen Services Fund.

## IT MODERNIZATION FUND

Appropriations, 2016 .....	
Budget Request, 2017 .....	\$100,000,000
Committee recommendation .....	

The budget requests the establishment of a new account, contingent upon enactment of authorizing legislation, to modernize information technology across the government.

## COMMITTEE RECOMMENDATION

Given little progress in enacting authorizing legislation necessary to establish this fund and persistent oversight and accountability concerns relating to shifting IT spending away from the appropriations process, the Committee does not provide funding for this account and encourages OMB to work with Federal agencies, as appropriate, to include proposals to retire legacy IT systems in agencies' respective fiscal year 2018 budget requests.

## ADMINISTRATIVE PROVISIONS—GENERAL SERVICES ADMINISTRATION

## (INCLUDING TRANSFERS OF FUNDS)

Section 510 authorizes GSA to use funds for the hire of passenger motor vehicles.

Section 511 authorizes GSA to transfer funds within the Federal buildings fund to meet program requirements.

Section 512 requires that the fiscal year 2018 budget request meet certain standards.

Section 513 provides that no funds may be used to increase the amount of occupiable square feet, provide cleaning services, security enhancements, or any other service usually provided, to any agency which does not pay the requested rate.

Section 514 continues the provision that permits GSA to pay small claims less than \$250,000 made against the Government.

Section 515 provides that certain lease agreements must conform to an approved prospectus.

Section 516 requires a GSA spending plan for certain accounts and programs.

#### HARRY S TRUMAN SCHOLARSHIP FOUNDATION

##### SALARIES AND EXPENSES

Appropriations, 2016 .....	\$1,000,000
Budget estimate, 2017 .....	
Committee recommendation .....	1,000,000

##### PROGRAM DESCRIPTION

The Harry S Truman Scholarship Foundation is an independent agency established by Congress in 1975 (Public Law 93-642) to encourage exceptional college students to pursue careers in public service through the Truman Scholarship program. The Truman Scholarship is a merit-based award available to college juniors who plan to pursue careers in Government or elsewhere in public service.

The Foundation Trust Fund was established with a one-time \$30,000,000 appropriation in 1976. The authorizing legislation directed that this endowment be invested solely in U.S. Treasury Securities, the interest from which has funded the Foundation's operating budget. With the decline in interest rates, the annual yield from the trust fund has declined by 63 percent over the past decade.

##### COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$1,000,000 for the Harry S Truman Scholarship Foundation.

#### MERIT SYSTEMS PROTECTION BOARD

##### SALARIES AND EXPENSES

##### (INCLUDING TRANSFER OF FUNDS)

Appropriations, 2016 .....	\$46,835,000
Budget estimate, 2017 .....	47,428,000
Committee recommendation .....	46,835,000

##### PROGRAM DESCRIPTION

The Merit Systems Protection Board [MSPB] was established by the Civil Service Reform Act of 1978. MSPB is an independent quasi-judicial agency manifested to protect Federal merit systems

against partisan political and other prohibited personnel practices and to ensure adequate protection for employees against abuses by agency management.

MSPB assists Federal agencies in running a merit-based civil service system. This is accomplished on a case-by-case basis through hearing and deciding employee appeals and on a systemic basis by reviewing significant actions and regulations of the Office of Personnel Management [OPM] and conducting studies of the civil service and other merit systems. The intended results of MSPB's efforts are to assure that personnel actions taken against employees are processed within the law and that actions taken by OPM and other agencies support and enhance Federal merit principles.

#### COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$46,835,000 for the MSPB. The recommendation includes not more than \$2,345,000 for adjudicating retirement appeals through an appropriation from the trust fund consistent with past practice.

## MORRIS K. UDALL AND STEWART L. UDALL FOUNDATION

## MORRIS K. UDALL AND STEWART L. UDALL TRUST FUND

## (INCLUDING TRANSFER OF FUNDS)

Appropriations, 2016 .....	\$1,995,000
Budget estimate, 2017 .....	1,895,000
Committee recommendation .....	1,895,000

## PROGRAM DESCRIPTION

The General Fund payment to the Morris K. Udall and Stewart L. Udall Trust Fund is invested in Treasury securities with maturities suitable to the needs of the Fund. Interest earnings from the investments are used to carry out the activities of the Morris K. Udall and Stewart L. Udall Foundation. The Foundation awards scholarships, fellowships, and grants, and funds activities of the Udall Center.

The Morris K. Udall and Stewart L. Udall Foundation also supports training programs for professionals in health care policy and public policy, such as the Native Nations Institute [NNI]. NNI, based at the University of Arizona, provides Native Americans with leadership and management training, and analyzes policies relevant to tribes.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$1,895,000 for the Morris K. Udall and Stewart L. Udall Trust Fund.

The Committee appreciates the progress made by the Udall Foundation to strengthen its internal controls related to contract oversight and personnel management. The Committee directs the Foundation to report semiannually to the Committee regarding its continued work in instituting reformed internal controls, including milestones achieved. Finally, the Committee provides that \$200,000 shall be transferred to the Inspector General of the Department of the Interior to conduct annual audits and investigations of the Foundation and submit reports of its findings to the Committee in order to ensure that the Foundation's spending, management, and other activities are subject to regular oversight and review.

## ENVIRONMENTAL DISPUTE RESOLUTION FUND

Appropriations, 2016 .....	\$3,400,000
Budget estimate, 2017 .....	3,249,000
Committee recommendation .....	3,249,000

## PROGRAM DESCRIPTION

The U.S. Institute for Environmental Conflict Resolution is a Federal program established by Public Law 105-156 to assist parties in resolving environmental, natural resource, and public lands conflicts. The Institute is part of the Morris K. Udall and Stewart L. Udall Foundation and serves as an impartial, nonpartisan institution providing professional expertise, services, and resources to all parties involved in such disputes. The Institute helps parties determine whether collaborative problem solving is appropriate for specific environmental conflicts, how and when to bring all the par-

ties together for discussion, and whether a third-party facilitator or mediator might be helpful in assisting the parties in their efforts to reach consensus or to resolve the conflict. In addition, the Institute maintains a roster of qualified facilitators and mediators with substantial experience in environmental conflict resolution and can help parties in selecting an appropriate neutral professional.

#### COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$3,249,000 for the Environmental Dispute Resolution Fund.

#### NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

The National Archives and Records Administration [NARA] is the national recordkeeper, managing the Government's archives and records, and operating the Presidential libraries. NARA is an independent agency created by statute in 1934 and tasked with the unique mission to identify, access, protect, preserve, and make available for use the important documents and records of all three branches of the Federal Government. NARA administers the Information Security Oversight Office, is the publisher of the Federal Register, and makes grants for historical documentation through the National Historical Publications and Records Commission. In addition, NARA is charged with additional responsibilities including mediating Freedom of Information Act disputes and coordinating controlled unclassified information.

#### OPERATING EXPENSES

Appropriations, 2016 .....	\$379,393,000
Budget estimate, 2017 .....	380,634,000
Committee recommendation .....	380,634,000

#### PROGRAM DESCRIPTION

This account provides for basic operations dealing with management of the Federal Government's archives and records, operation of Presidential libraries, review for declassification of classified security information, and other duties.

#### COMMITTEE RECOMMENDATION

The Committee recommends \$380,634,000 for operating expenses of the National Archives and Records Administration for fiscal year 2017. This amount is \$1,241,000 above the fiscal year 2016 enacted level and the same as the budget request.

The Committee's recommendation supports initiatives to strengthen NARA's record management leadership role; address archival storage needs; continue to develop, build, and expand the IT infrastructure to conduct the business of the National Declassification Center established in Executive Order 13526; operate and maintain the Electronic Records Archive [ERA]; and improve research room holdings protection.

The Committee notes that security of NARA's collections and holdings has been identified as a material weakness by the Archivist and cited as a management challenge by the Inspector General. The Committee directs and expects NARA to institute, main-

tain, and enforce effective inventory controls and adequate levels of security within its facilities to reduce the risk of loss, damage, or destruction of irreplaceable historic documents and artifacts.

The Committee believes that providing reliable access to electronic records far into the future, regardless of advancements in technology, is of utmost importance. The Committee strongly urges NARA, as it operates and maintains the ERA, to ensure effective and efficient preservation, appraisal, scheduling, and routine transfer of electronic records by Federal agencies. The Committee expects NARA to prioritize its efforts to accelerate user adoption of the ERA system, including providing instructional guidance and training materials.

The Committee continues to encourage NARA to digitize and post online archival records that are relocated as a result of a facility closure. The Committee directs NARA to report, within 90 days of enactment, on its progress to digitize and preserve physical access to archival records that have been or will be relocated to another State by any facility closure occurring in fiscal years 2014, 2015, or 2016. The report shall: (1) describe the progress that has been made to digitize and post online such records that have been moved; (2) describe NARA's digitization priorities for 2017 pertaining to any relocated archival records; and (3) include a timeline for completing the digitization and posting online process. The Committee further directs NARA to give due consideration and appropriate adjudication, within the limits of the Federal Records Act and all applicable laws, of any request to review archival records that are relocated as a result of a facility closure, to determine whether those records continue to require permanent preservation in the National Archives.

*Recordkeeping.*—The Committee remains concerned about the ability of Federal agencies to effectively manage email and other electronic Federal records so that essential records are available when required by Congress in order to fulfill its oversight responsibilities. The executive branch must assure the American public that records documenting Government decisions and actions are retained for the appropriate time period and can be retrieved and provided to Congress in a timely manner and as required by law. The Presidential and Federal Records Act Amendments of 2014 (Public Law 113–187) modernized the Federal records management statutes to include emails and electronic records and to reinforce that the executive branch must manage these records with greater care and stewardship than what has been observed in recent months and years.

The Committee notes that NARA has made significant progress in issuing guidance directing executive branch agencies to manage electronic Federal records, including email records, as required by law. The Committee expects NARA to incorporate email recordkeeping standards into its inspections of other agencies' records management programs, with special emphasis on personal and alias email accounts used for conducting official business. The Committee also notes that NARA has received additional resources to increase oversight over executive branch compliance with Federal recordkeeping laws. The Committee directs NARA to continue to place a high priority on its recordkeeping oversight mission and

to report to the Committees on Appropriations of the House of Representatives and the Senate, the House Committee on Oversight and Government Reform, and the Senate Committee on Homeland Security and Governmental Affairs any instances of substantial non-compliance by executive agencies or significant risk to Federal records that are identified in the course of NARA oversight activities.

*Office of Government Information Services.*—The Committee remains interested in the ability the Office of Government Information Services [OGIS] to reduce Federal expenditures on processing document requests and resolving Freedom of Information Act [FOIA] disputes. The Committee directs the National Archives and Records Administration to report not less than 60 days from the enactment of this act on the specific allocation of appropriated funds to OGIS in fiscal year 2017, and the level of services this allocated amount will support.

#### OFFICE OF INSPECTOR GENERAL

Appropriations, 2016 .....	\$4,180,000
Budget estimate, 2017 .....	4,801,000
Committee recommendation .....	4,801,000

#### PROGRAM DESCRIPTION

The mission of the Office of Inspector General [OIG] is to ensure that NARA safeguards and preserves the records of our Government while providing the American people with access to the essential documentation of their rights and the actions of their Government. The OIG accomplishes this by combating fraud, waste, and abuse through high-quality objective audits and investigations covering all aspects of agency operations at facilities nationwide. The OIG also serves as an independent, internal advocate for the economy, efficiency, and effectiveness of NARA and its operations.

#### COMMITTEE RECOMMENDATION

The Committee recommends \$4,801,000 for the Office of Inspector General [OIG]. This amount is \$621,000 above the fiscal year 2016 enacted level and equal to the budget request. The Committee supports a distinct account for the OIG in order to clearly identify the resources necessary to staff and operate the expanding mission-critical oversight and accountability functions performed by the OIG to ensure responsible NARA stewardship over public records.

#### REPAIRS AND RESTORATION

Appropriations, 2016 .....	\$7,500,000
Budget estimate, 2017 .....	7,500,000
Committee recommendation .....	7,500,000

#### PROGRAM DESCRIPTION

This account provides for the repair, alteration, and improvement of Archives facilities and Presidential libraries nationwide, and provides adequate storage for holdings. Funding made available will better enable NARA to maintain its facilities in proper condition for public visitors, researchers, and NARA employees, and also maintain the structural integrity of the buildings.



## COMMITTEE RECOMMENDATION

The Committee recommends \$7,500,000 for the repairs and restoration account. This amount is the same as the fiscal year 2016 enacted level and equal to the budget request.

The Committee appreciates NARA's submission of an update of its comprehensive capital needs assessment for its entire infrastructure of Presidential libraries and records facilities, as part of the fiscal year 2017 budget submission and urges NARA to include an appropriate level of funding for repair of valuable historic Presidential libraries in the fiscal year 2018 budget request.

## NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION

## GRANTS PROGRAM

Appropriations, 2016 .....	\$5,000,000
Budget estimate, 2017 .....	5,000,000
Committee recommendation .....	5,000,000

## PROGRAM DESCRIPTION

The National Historical Publications and Records Commission [NHPRC] provides grants nationwide to preserve and publish records that document American history. Administered within the National Archives, which preserves Federal records, NHPRC helps State, local, and private institutions preserve non-Federal records, helps publish the papers of major figures in American history, and helps archivists and records managers improve their techniques, training, and ability to serve a range of information users. Since 1964, the NHPRC has funded nearly 5,000 projects at local government archives, colleges and universities, and other nonprofit institutions to facilitate use of public records and other collections by scholars, family and local historians, journalists, documentary filmmakers, and many others.

## COMMITTEE RECOMMENDATION

The Committee recommends \$5,000,000 for the National Historical Publications and Records Commission [NHPRC]. This amount is equal to the fiscal year 2016 enacted level and equal to the budget request.

The Committee supports the central role the NHPRC program plays in the preservation and dissemination of the Nation's documentary heritage and its success in leveraging private sector contributions.

The Committee commends the National Archives and Records Administration and the National Historical Publications and Records Commission for their work to ensure the publication and recording of our Nation's history. The Committee urges the National Historical Publications and Records Commission to continue to support the completion of documentary editions through the National Historical Publications and Records Commission Grants Program and to support the scholarly presentation of our country's most treasured historical documents.

The Committee notes that the funding provided will enable NARA, through the NHPRC, to undertake a variety of initiatives, including advancing archives preservation, access, and digitization

projects within the interlocking repositories of historic records and hidden collections; ensuring public access to some of the most important historical resources that are maintained outside of Federal repositories; and digitizing nationally significant historic records collections to facilitate round-the-clock Internet availability.

NATIONAL CREDIT UNION ADMINISTRATION  
COMMUNITY DEVELOPMENT REVOLVING LOAN FUND

Appropriations, 2016 .....	\$2,000,000
Budget estimate, 2017 .....	2,000,000
Committee recommendation .....	2,000,000

PROGRAM DESCRIPTION

The Community Development Revolving Loan Fund [CDRLF] program was established in 1979 to assist officially designated "low-income" credit unions in providing basic financial services to low-income communities. Low-interest loans and deposits are made available to assist these credit unions. Loans or deposits are normally repaid in 5 years, although shorter repayment periods may be considered. Technical assistance grants [TAGs] are also available to low-income credit unions for improving operations as well as addressing safety and soundness issues. Credit unions use TAG funds for specific initiatives, including taxpayer assistance, financial education, home ownership initiatives, and training assistance.

COMMITTEE RECOMMENDATION

The Committee recommends \$2,000,000 for technical assistance grants to community development credit unions. This funding level is equal to the budget request and equal to the fiscal year 2016 enacted level. The Committee expects the CDRLF to continue making loans from available funds derived from repaid loans and interest earned on previous loans to designated credit unions.

## OFFICE OF GOVERNMENT ETHICS

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$15,742,000
Budget estimate, 2017 .....	16,090,000
Committee recommendation .....	16,090,000

## PROGRAM DESCRIPTION

The Office of Government Ethics [OGE], a separate agency within the executive branch, was established by the Ethics in Government Act of 1978 (Public Law 95-521). The OGE is charged by law to provide overall direction of executive branch policies designed to prevent conflicts of interest and ensure high ethical standards for executive branch employers. The OGE carries out these responsibilities by promulgating and maintaining enforceable standards of ethical conduct for nearly 2.7 million civilian employees in more than 130 executive branch agencies and the White House; overseeing a financial disclosure system that reaches 26,000 public and over 380,000 confidential financial disclosure report filers; ensuring that executive branch ethics programs are in compliance with applicable ethics laws and regulations; providing direct education and training products to more than 4,500 ethics officials executive branch-wide; conducting outreach to the general public, the private sector, and civil society; and providing technical assistance to, State, local, and foreign governments, and international organizations.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$16,090,000 for salaries and expenses of the OGE in fiscal year 2017 in order to fully support agency efforts related to the Presidential transition.

OFFICE OF PERSONNEL MANAGEMENT  
SALARIES AND EXPENSES  
(INCLUDING TRANSFER OF TRUST FUNDS)

Appropriations, 2016 .....	\$120,688,000
Budget estimate, 2017 .....	144,867,000
Committee recommendation .....	120,688,000

PROGRAM DESCRIPTION

The Office of Personnel Management [OPM] was established by Public Law 95-454, the Civil Service Reform Act of 1978, enacted on October 13, 1978. OPM is responsible for management of Federal human resources policy and oversight of the merit civil service system. Although individual agencies are largely responsible for personnel operations, OPM provides a Governmentwide framework for human resources policy, advises and assists agencies (often on a reimbursable basis) with workforce planning and personnel matters, and ensures that agency operations are consistent with requirements of law on issues such as veterans preference and merit system compliance. OPM oversees examination of applicants for employment in the competitive service; issues regulations and policies on recruitment, hiring, classification and pay, training, and other aspects of personnel management; and manages the process for personnel security and background checks for suitability and national security clearances. OPM is also responsible for administering the retirement, health benefits, and life insurance programs affecting most Federal employees, retired Federal employees, and their families and survivors.

COMMITTEE RECOMMENDATION

The Committee recommends a general fund appropriation of \$120,688,000 for the salaries and expenses of the Office of Personnel Management.

*National Background Investigations Bureau.*—In fiscal year 2016, the Administration announced the transition of OPM's background investigation work from Federal Investigative Services [FIS] to the National Background Investigations Bureau [NBIB]. NBIB was created to restructure the way OPM handles background investigations in the wake of the massive breach announced last year that exposed sensitive information on millions of current, former and prospective Federal employees, their family members, and other contacts. Under the planned structure, NBIB will be housed within OPM while security of background investigation data will be transferred to the Department of Defense. The Committee remains concerned about the overall plan for NBIB, particularly OPM's role, and notes that the few details provided about NBIB have raised more questions than answers. Ultimately, the Committee is concerned that the creation of NBIB amounts to little more than a new name for FIS despite the need for more comprehensive reforms to the background investigations process, including determining whether OPM should continue to play a role in the process. The Committee directs GAO to monitor the development of NBIB and report to the Committees on Appropriations of

the House and Senate not later than 6 months after enactment of this Act on the transition, operation, and oversight of NBIB.

*OPM's IT Infrastructure.*—The Administration's decision to create a new IT environment within DOD to secure background investigation data exhibits a lack of confidence both in OPM's current IT systems and the agency's ability to implement sufficient reforms. OPM continues to operate dual environments as it migrates from its existing legacy infrastructure to the Shell. In fiscal year 2016, the Committee provided OPM an additional \$21,000,000 for IT modernization. However, significant concerns remain relating to OPM's capital planning practices, the agency's procurement and management of contracts, and continued uncertainty surrounding the total cost of the modernization project. OPM's IG recently reported that "another impact of OPM's inadequate project planning is the potentially wasteful spending that has occurred in creating a 'Shell' environment before it was clear that it was the best solution, and before the technical analysis of the scope of the effort was completed." The Committee expects OPM to keep it informed on the status of future contracts executed to carry out the project and encourages OPM to perform the necessary project planning practices required by the Office of Management and Budget that were recommended by OPM's IG.

*Retirement Processing.*—The Committee acknowledges OPM's actions to address the backlog of retirement claims and supports continued efforts to eliminate the backlog. OPM is directed to continue to inform the Committee of its progress.

*Retirement Modernization.*—The Committee directs OPM to continue providing reports and status update briefings on modernization efforts and the strategic technology plan, as developments and milestones occur, and future plans are determined.

*Federal Security Clearances.*—The Committee notes that in light of misconduct involving Federal contractor personnel under OPM's Federal Investigative Services, there has been increased scrutiny into the process of conducting quality reviews for security clearance background investigations. The Committee recognizes the inherent conflict of interest when Federal security clearance contractors are contractually permitted to conduct quality reviews of their own work and urges the OPM Director to prevent future occurrences through stricter contractual control mechanisms. The Committee notes that preventing such inherent conflicts of interest with Federal contractors conducting security clearances significantly mitigates risk, a critical element to good governance and U.S. national security. Therefore, the Committee includes a provision in title VI preventing such contractors from conducting quality reviews of their own work. To ensure that contractor work is conducted properly, OPM should ensure that internal controls are implemented to prevent investigations from being closed prematurely.

#### LIMITATION

##### (TRANSFER OF TRUST FUNDS)

Limitation, 2016 .....	\$124,550,000
Budget estimate, 2017 .....	144,653,000
Committee recommendation .....	124,550,000

PROGRAM DESCRIPTION

These funds will be transferred from the appropriate trust funds of the Office of Personnel Management to cover administrative expenses for the retirement and insurance programs.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation of \$124,550,000 for administrative expenses.

OFFICE OF INSPECTOR GENERAL

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF TRUST FUNDS)

Appropriations, 2016 .....	\$4,365,000
Budget estimate, 2017 .....	5,072,000
Committee recommendation .....	5,072,000

PROGRAM DESCRIPTION

The Office of Inspector General is charged with establishing policies for conducting and coordinating efforts which promote economy, efficiency, and integrity in the Office of Personnel Management's activities which prevent and detect fraud, waste, and mismanagement in the agency's programs. Contract audits provide professional advice to agency contracting officials on accounting and financial matters regarding the negotiation, award, administration, repricing, and settlement of contracts. Internal agency audits review and evaluate all facets of agency operations, including financial statements. Evaluation and inspection services provide detailed technical evaluations of agency operations. Insurance audits review the operations of health and life insurance carriers, healthcare providers, and insurance subscribers. The investigative function provides for the detection and investigation of improper and illegal activities involving programs, personnel, and operations. Administrative sanctions debar from participation in the health insurance program those healthcare providers whose conduct may pose a threat to the financial integrity of the program itself or to the well-being of insurance program enrollees.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$5,072,000 for salaries and expenses of the Office of Inspector General in fiscal year 2017.

The Committee appreciates the audit work the Inspector General has conducted on OPM's IT security programs and practices and supports the Inspector General's recommendations to improve OPM's technical security controls. The Committee remains concerned about OPM's security posture as it overhauls its technology infrastructure. The Committee encourages the Inspector General to continue monitoring OPM's infrastructure improvement process. The Committee is also concerned about the ability of contractors to effectively provide assistance to millions of Americans that were affected by the data breach in addition to security controls with its existing vendors. The Committee encourages the Inspector General



to continue to conduct oversight on OPM's contracting and procurement practices.

*Semiannual Report to Congress.*—The Committee encourages the Inspector General to regularly report in its Semiannual Report to Congress OPM's efforts to improve and address cybersecurity challenges including steps taken to prevent, mitigate, and respond to data breaches involving sensitive personnel records and information; OPM's cybersecurity policies and procedures in place, including policies and procedures relating to IT best practices such as data encryption, multifactor authentication, and continuous monitoring; OPM's oversight of contractors providing IT services; and OPM's compliance with government-wide initiatives to improve cybersecurity.

(LIMITATION ON TRANSFER FROM TRUST FUNDS)

Limitation, 2016 .....	\$22,479,000
Budget estimate, 2017 .....	26,662,000
Committee recommendation .....	25,112,000

COMMITTEE RECOMMENDATION

The Committee recommends a limitation on transfers from the trust funds in support of the Office of Inspector General [OIG] activities totaling \$25,112,000 for fiscal year 2017.

## OFFICE OF SPECIAL COUNSEL

## SALARIES AND EXPENSES

Appropriations, 2016 <sup>1</sup> .....	\$24,119,000
Budget estimate, 2017 .....	26,535,000
Committee recommendation .....	24,119,000

<sup>1</sup> Does not reflect use of prior year balances as permitted under Public Law 113-76, div. E.

## PROGRAM DESCRIPTION

The U.S. Office of Special Counsel [OSC] provides a safe channel for Federal employees to report waste, fraud, abuse, and threats to public health and safety.

The OSC was first established on January 1, 1979. From 1979 until 1989, it operated as an autonomous investigative and prosecutorial arm of the Merit Systems Protection Board [MSPB]. In 1989, Congress enacted the Whistleblower Protection Act (Public Law 101-12), which made OSC an independent agency within the executive branch. In 1994, the Uniformed Services Employment and Reemployment Rights Act [USERRA] (Public Law 103-353) became law. It defined employment-related rights of persons in connection with military service, prohibited discrimination against them because of that service, and gave OSC new authority to pursue remedies for violations by Federal agencies.

Enactment of the Whistleblower Protection Enhancement Act (Public Law 112-199) in November 2012 significantly expanded the jurisdiction of the OSC and the types of cases the OSC is required by law to investigate.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$24,119,000 for OSC.

*IT Security.*—The Committee remains concerned about information technology security at OSC. This is of particular concern given the confidential nature of the agency's work and their ongoing investigations. The Committee notes that OSC has received a 34 percent budget increase over the past 3 years, yet the agency has not adequately invested in IT equipment, services, and staffing. Additionally, OSC has failed to develop policies and procedures consistent with FISMA requirements, OMB policy, and NIST guidelines. The Committee expects OSC to prioritize information security and directs the agency to report to the Committee within 90 days of enactment on its plan to increase the security and resiliency of the agency's systems and ensure compliance with Federal guidelines.

*Veterans Affairs.*—Approximately 37 percent of all OSC cases in 2015 were from Department of Veterans Affairs [VA] employees, up from approximately 20 percent of cases in 2009, 2010, and 2011. Although OSC continues to obtain relief for VA whistleblowers, the Committee is concerned with the significant increase of VA whistleblower cases in the last few years. Therefore, the Committee believes that OSC should apply its budget proportionally with the percentage of cases that it receives from the VA.

## POSTAL REGULATORY COMMISSION

## SALARIES AND EXPENSES

## (INCLUDING TRANSFER OF FUNDS)

Appropriations, 2016 .....	\$15,200,000
Budget estimate, 2017 .....	17,726,000
Committee recommendation .....	15,200,000

## PROGRAM DESCRIPTION

The Postal Regulatory Commission [PRC] is an independent agency that has exercised regulatory oversight over the United States Postal Service since its creation by the Postal Reorganization Act of 1970. For over 3 decades, that oversight consisted primarily of conducting public, on-the-record hearings concerning proposed rates, mail classification, and major service changes, and recommended decisions for action to the Postal Service Board of Governors. The mission of the PRC is to ensure transparency and accountability of the United States Postal Service and foster a vital and efficient universal mail system.

The Postal Accountability and Enhancement Act (Public Law 109-435) assigned significant responsibilities to the PRC. These enhanced authorities include providing regulatory oversight of the pricing of Postal Service products and services, ensuring Postal Service transparency and accountability, consulting on delivery service standards and performance measures, consulting on international postal policies, preventing cross-subsidization or other anticompetitive postal practices, and serving as a forum to act on complaints with postal products and services.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation, out of the Postal Fund, of \$15,200,000 for the Postal Regulatory Commission.

The Committee urges the PRC, which is funded from the Postal Service Fund and derived directly from postal rates and fees paid by postal customers, to optimize efficient use of its resources, including exercising prudent decision-making.

# PRIVACY AND CIVIL LIBERTIES OVERSIGHT BOARD

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$21,297,000
Budget estimate, 2017 .....	10,081,000
Committee recommendation .....	10,081,000

## PROGRAM DESCRIPTION

The Privacy and Civil Liberties Oversight Board [PCLOB] is an independent agency within the executive branch established by the Implementing Recommendations of the 9/11 Commission Act of 2007 (Public Law 110-53). The Board is the successor to the Board created within the Executive Office of the President under the Intelligence Reform and Terrorism Prevention Act of 2004 (Public Law 108-458) as recommended in the July 22, 2004 report of the National Commission on Terrorist Acts Upon the United States (the 9/11 Commission).

The Board's purpose is to review and analyze actions the executive branch takes to protect the Nation from terrorism, ensuring the need for such actions is balanced with the need to protect privacy and civil liberties; and to ensure that liberty concerns are appropriately considered in the development and implementation of laws, regulations, and policies related to efforts to protect the Nation against terrorism.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$10,081,000 for the PCLOB. This amount is equal to the budget request and \$11,216,000 below the enacted level due to one-time costs in fiscal year 2016 required to support the Board's physical move.

The Committee believes it is important to ensure that funds are used efficiently during the required move. The Committee directs the Board to continue to work with the General Services Administration to minimize relocation costs and to report regularly to the Committee regarding relocation efforts.

## SECURITIES AND EXCHANGE COMMISSION

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$1,605,000,000
Budget estimate, 2017 .....	1,781,457,000
Committee recommendation .....	1,605,000,000

## PROGRAM DESCRIPTION

The Securities and Exchange Commission [SEC] is an independent agency responsible for administering many of the Nation's laws regulating the areas of securities and finance.

The mission of the SEC is to administer and enforce Federal securities laws in order to protect investors, maintain fair, honest, and efficient markets, and promote capital formation. This includes ensuring full disclosure of appropriate financial information, regulating the Nation's securities markets, and preventing and policing fraud and malpractice in the securities and financial markets.

## COMMITTEE RECOMMENDATION

The Committee recommends a total budget (obligational) authority of \$1,605,000,000 for the salaries and expenses of the SEC, to be fully derived from fee collections.

*Fee Offset Nature of Account.*—Pursuant to the Dodd-Frank Act, transaction fees receipts are treated as offsetting collections equal to the amount of the appropriation.

*Reserve Fund Notifications.*—The Committee appreciates the SEC's adherence to its obligation to notify Congress of the date, amount, and purpose of any obligation from the Fund within 10 days of such obligation. The Committee directs the SEC, in its written notifications to Congress required by 15 U.S.C. 78d(i)(3) regarding amounts obligated from the SEC Reserve Fund, to specify: (1) the balance in the fund remaining available after the obligation is deducted; (2) the estimated total cost of the project for which amounts are being deducted; (3) the total amount for all projects that have withdrawn funding from the Reserve Fund since fiscal year 2012; and (4) the estimated amount, per project, that will be required to complete all ongoing projects which use funding derived from the Reserve Fund.

*Spending Plan.*—The Committee directs the SEC to submit, within 30 days of enactment, a detailed spending plan for the allocation of appropriated funds displayed by discrete program, project, and activity, including staffing projections, specifying both FTEs and contractors, and planned investments in information technology. The Committee also directs the SEC to submit, within 30 days of enactment, a detailed spending plan for the allocation of expenditures from the Reserve Fund.

*Covered Clearing Agencies.*—The Committee strongly urges the Securities and Exchange Commission to expeditiously finalize its Covered Clearing Agency rulemaking proposal to avoid punitive capital charges from being imposed for accessing the U.S. listed options market through European Union bank affiliates. The proposal would subject systemically important clearinghouses for which the SEC is the supervisory agency to heightened standards that have been agreed upon by U.S. and international banking and securities

regulators. The Committee is aware that these standards, the Principles for Financial Markets Infrastructures, were issued in April 2012 to ensure that clearinghouses are resilient in light of the critical role they play in the financial markets and have already been adopted by the Commodity Futures Trading Commission and the Board of Governors of the Federal Reserve System for systemically important clearinghouses for which they are the supervisory agencies. The Committee notes adoption of the proposal may help facilitate the process by which the European Commission would find the SEC's regulatory regime for clearinghouses to be equivalent to the regulatory regime for clearinghouses in Europe, a recognition critical to the continued competitiveness of U.S. options exchanges internationally and the continued ability of persons outside of the U.S. to effectively access the vibrant and very liquid U.S. listed options market.

#### SELECTIVE SERVICE SYSTEM

##### SALARIES AND EXPENSES

Appropriations, 2016 .....	\$22,703,000
Budget estimate, 2017 .....	22,900,000
Committee recommendation .....	22,900,000

##### PROGRAM DESCRIPTION

The Selective Service System is an independent Federal agency, operating with permanent authorization under the Military Selective Service Act (50 U.S.C. App. 451 et seq.). The agency is not part of the Department of Defense, but its basic mission is to be prepared to supply manpower to the Armed Forces adequate to ensure the security of the United States during a time of national emergency. Since 1973, the Armed Forces have relied on volunteers to fill military manpower requirements. However, the Selective Service System remains the primary vehicle by which personnel will be brought into the military if Congress and the President should authorize a return to the draft.

In December 1987, Selective Service was tasked by law (Public Law 100-180) to develop plans for a postmobilization healthcare personnel delivery system capable of providing the necessary critically skilled healthcare personnel to the Armed Forces in time of emergency. An automated system capable of handling mass registration and inductions is now complete, together with necessary draft legislation, a draft Presidential proclamation, prototype forms and letters, and other products. These products will be available should the need arise. The development of supplemental standby products, such as a compliance system for healthcare personnel, continues using very limited existing resources.

##### COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$22,900,000 for the Selective Service System.

## SMALL BUSINESS ADMINISTRATION

Appropriations, 2016 .....	\$871,042,000
Budget estimate, 2017 .....	877,894,000
Committee recommendation .....	871,161,000

## PROGRAM DESCRIPTION

The Small Business Administration [SBA] provides American entrepreneurs access to capital, Federal contracting opportunities, and entrepreneurial education in order to grow businesses and create jobs. SBA also provides disaster assistance for businesses of all sizes, non-profit organizations, homeowners, and renters.

## COMMITTEE RECOMMENDATION

The Committee recommendation provides \$871,161,000 for the Small Business Administration [SBA]. The recommendation is \$119,000 above the fiscal year 2016 enacted level, and the amount provided will support the same level or higher of lending. The recommendation includes \$158,829,000 for the Disaster Loans Program Account designated by Congress as disaster relief pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Funding is distributed among the SBA appropriation accounts as described below.

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$268,000,000
Budget estimate, 2017 .....	275,033,000
Committee recommendation .....	268,000,000

## PROGRAM DESCRIPTION

The Salaries and Expenses appropriation provides for the overall operating expenses of the SBA, including compensation and benefits for staff located at headquarters, regional, and district offices, rent and other agency-wide costs, and operating costs for program offices, including the Office of Capital Access, Office of Credit Risk Management, Office of Entrepreneurial Development, Office of Investments and Innovation, Office of Government Contracting and Business Development, Office of International Trade, Office of Management and Administration, and for other program and supporting offices.

## COMMITTEE RECOMMENDATION

The Committee recommendation provides \$268,000,000 for salaries and expenses of the SBA.

The Committee recommends at least \$12,000,000 for SBA's Office of Credit Risk Management [OCRM] for lender oversight and risk-based reviews. Funding for the Office of General Counsel has been provided separately from this total. In support of its mission to analyze and manage the risk of SBA's loan portfolio, OCRM performs performance analytics to identify and understand lender performance trends and assess the quality of the overall loan portfolio. The Committee finds that OCRM must play a key role in eliminating waste, fraud, and abuse in SBA lending programs and protecting taxpayer losses on loans by ensuring lenders comply with



procedures that mitigate the risk of loss under SBA's loan programs.

The Committee is concerned about the quality of lender oversight activities at SBA, particularly considering the magnitude of SBA's loan portfolio, and notes that SBA's Office of Inspector General continues to identify weaknesses in SBA's lender oversight process. The 7(a) loan program alone has grown over 50 percent in the past three fiscal years, and the Committee strongly believes SBA must conduct robust oversight and enforcement efforts to ensure the integrity of all lending programs. SBA loan programs rely on numerous outside parties (e.g., private lenders, local economic development organizations, nonprofit community lenders, and venture capital investors) to complete loan transactions, and many of SBA's loans are made by lenders to whom SBA has delegated loan-making authority. SBA's Office of Inspector General has reported that although SBA has made some improvements, its controls were not adequate to monitor loan agent involvement and mitigate the risk of loss and fraud in the 7(a) loan program. The Committee agrees with SBA's Inspector General recommendations and supports efforts to strengthen OCRM's ability to conduct strong oversight of SBA loan portfolios and the lenders that participate in order to reinforce general program soundness and manage overall risk.

Finally, the Committee finds that the Loan and Lender Monitoring System [L/LMS] is a vital component of the SBA's technical capability to provide oversight of its largest lending programs, the 7(a) and 504 loan programs. OCRM uses L/LMS as a tool for managing the risk in the loan and lender portfolios of more than 4,500 lenders, who have approximately 320,000 active loans valued at more than \$100,000,000,000 in current dollars. The Committee is disappointed that SBA allowed this important oversight tool to lapse briefly in February and March 2016. SBA is directed to continue its use of the Loan and Lender Monitoring System [L/LMS] to ensure that lenders are employing sound financial risk management techniques to manage and monitor risk within their SBA loan portfolios. SBA is directed to continue to maintain the current capability and capacity of the L/LMS system, and to strongly consider ways to upgrade the system to improve lender oversight.

The Committee recognizes that the three current exceptions for the North American Industry Classification System [NAICS] Code 541712 are vastly similar. Therefore, the SBA should look at the impact of consolidating the current exceptions into one with an employee cap of 1,500 and consider revising the methodology for determining employee size for NAICS Codes to use a 36-month rolling average computation.

*SBIC Program Licensing.*—The Committee continues to be concerned with the slow pace of licensing at the Small Business Investment Company [SBIC] program. SBA has a 6-month goal to approve licenses that are in the application process, yet the time for license approval is often more than 1 year. Delays are occurring in contradiction to the fact that the number of applications has decreased. The Committee continues to recommend that the SBA create a meaningfully expedited and streamlined licensing process for repeat licensees with the same management teams and proven track record in the SBIC Program. This fast track process for re-

peat licensees should be completed within 45 days after an application is submitted to the SBA, which will allow SBA to properly focus their resources on first time funds.

*SBIC Program and State Data.*—For decades an important set of consolidated SBIC Program data has routinely been shared with the industry, Congress, and the public on a monthly basis. This important information was made available on a monthly basis as a meaningful economic indicator on the small business sector and an indicator of SBA's activities and performance. In addition to the SBIC Program data, the SBA routinely released annual data on the impact of SBIC investments as well as specific companies in all 50 States. The SBA has only released the SBIC program data once since the end of the 2015 fiscal year, and the SBA has not released the State data since the 2013 fiscal year. The Committee recommends that SBA release this data to industry and Congress to allow for a thorough review of the impact of the SBIC Program on the economy and an analysis of the performance of the SBA.

*Federal and State Technology Partnership Program.*—The Committee recommends \$3,000,000 for the Federal and State Technology [FAST] Partnership Program in fiscal year 2017. The Committee supports the FAST program's efforts to reach innovative, technology-driven small businesses and to leverage the Small Business Innovation Research [SBIR] and Small Business Technology Transfer [STTR] program to stimulate economic development. The FAST program is particularly important in States that are seeking to build high technology industries but are underrepresented in the SBIR/STTR programs. The Committee recognizes that Small Business and Technology Development Centers [SBTDCs] serve small businesses in these fields and are accredited to provide intellectual property and technology commercialization assistance to businesses in high technology industries. Of the amount provided, \$1,000,000 shall be for FAST awards to SBTDCs fully accredited for technology designation as of December 31, 2016.

*8(a) Business Development Program.*—The Committee supports the work of the 8(a) Business Development Program. However, the Committee is concerned that not enough is done to ensure participants are eligible and that the program is not being abused. The Small Business Administration is directed to report to Congress within 90 days of enactment on efforts made to protect the integrity of the program. Further, the Committee directs the Small Business Administration to limit a former participant or principal of a former participant to an equity ownership interest of no more than 20 percent of a current participant in the development stage of the program and no more than 30 percent of a participant in the transitional stage of the program if the participant is in the same or similar line of business as the former participant or principal of the former participant.

#### ENTREPRENEURIAL DEVELOPMENT PROGRAMS

Appropriations, 2016 .....	\$231,100,000
Budget estimate, 2017 .....	230,600,000
Committee recommendation .....	231,100,000

## PROGRAM DESCRIPTION

SBA's Entrepreneurial Development Programs support non-credit business assistance to entrepreneurs. The appropriation includes funding for a vast network of resource partners located throughout the Nation, including Small Business Development Centers, Women's Business Centers, SCORE (previously Service Corps of Retired Executives) chapters, and Veterans Business Outreach centers. This resource network and several other SBA programs provide training, counseling, and technical assistance to entrepreneurs.

## COMMITTEE RECOMMENDATION

The Committee recommendation provides \$231,100,000 for the SBA Entrepreneurial Development Programs.

The Committee recommendations, by program, are displayed in the following table:

## ENTREPRENEURIAL DEVELOPMENT PROGRAMS

(In thousands of dollars)

	Committee recommendation
7(j) Technical Assistance .....	2,800
Entrepreneurship Education .....	10,000
Growth Accelerators .....	1,000
HUBZone Program .....	3,000
Microloan Technical Assistance .....	25,000
National Women's Business Council .....	1,500
Native American Outreach .....	2,000
Regional Innovation Clusters .....	6,000
SCORE .....	10,500
Small Business Development Centers (SBDCs) .....	120,000
State Trade Expansion Promotion (STEP) .....	20,000
Veterans Outreach .....	12,300
Women's Business Centers (WBC) .....	17,000
<b>Total, Entrepreneurial Development Programs .....</b>	<b>231,100</b>

The Committee directs that the amounts provided for SBA's Entrepreneurial Development Programs, as specified in the table above, shall be administered in the same manner as previous years and shall not be reduced, reallocated, or reprogrammed to provide additional funds for other programs, initiatives, or activities.

*Small Business Development Centers.*—The Committee continues to support the Small Business Development Center [SBDC] Program and recommends \$120,000,000 for fiscal year 2017. SBDCs play an integral role in the SBA resource partner network that supports 1,200,000 small business owners and aspiring entrepreneurs each year. Through more than 900 service centers, SBDCs provide management and technical assistance in key areas to small business clients throughout the Nation. As the economy struggles, SBDCs have reported a significant increase in demand for their expertise as businesses seek guidance on how to weather the economic conditions and as newly unemployed Americans look for advice on starting a small business as a new career path. Providing support for SBDCs is more critical than ever as our economy works to recover and grow. The Committee directs SBA to prioritize the continuation of a robust SBDC network and to part-

ner with the network and SBA's other resource partners in the implementation of all of SBA's lending, entrepreneurial development, and procurement programs.

The Committee directs that, subject to the availability of funds, the Administrator of the SBA shall, to the extent practicable, ensure that a small business development center is appropriately reimbursed within the same fiscal year in which the expenses are submitted for reimbursement for any and all legitimate expenses incurred in carrying out activities under section 21(a)(1) et seq. of the Small Business Act (15 U.S.C. 648(a)(1) et seq.).

*Veterans Programs.*—The Committee supports funding for veterans programs and provides \$12,300,000 for veterans outreach, which includes funding for Veterans Business Outreach Centers [VBOC], Boots to Business, Veteran-Women Igniting the Spirit of Entrepreneurship [V-WISE], Entrepreneurship Bootcamp for Veterans with Disabilities [EBV], and Boots to Business Reboot. The recommendation is equal to the fiscal year 2016 enacted level and equal to the budget request.

*Native American Outreach.*—SBA's Office of Native American Affairs works to ensure that American Indians, Alaska Natives, and Native Hawaiians seeking to create, develop, and expand small businesses have full access to SBA's entrepreneurial development, lending, and procurement programs. The Committee recommends \$2,000,000 for SBA's Native American outreach programs. The recommendation is equal to the fiscal year 2016 enacted level and equal to the budget request.

*HUBZone.*—The Historically Underutilized Business Zones [HUBZone] program helps small businesses in urban and rural communities gain preferential access to Federal procurement opportunities. The Committee recommends \$3,000,000 for the HUBZone program. This program is a critical resource for distressed communities, especially those surrounding military bases closed under the Base Realignment and Closure [BRAC] process. The Committee is aware that businesses located in a BRAC HUBZone face unique challenges in qualifying for the program and competing for Federal procurement opportunities, and directs the SBA to examine ways to address these issues in any future revisions of the Small Business Act or other legislation.

*Regional Innovation Clusters.*—The Committee recommends \$6,000,000 for SBA's regional innovation clusters. The Committee encourages SBA to support nonprofit organizations that provide business development services designed to accelerate industry sectors built on regional assets under the initiative. The Committee encourages SBA to support initiatives that promote a culture of innovative entrepreneurship and provide services and support directly to early-stage and high-tech innovation opportunities.

*State Trade and Expansion Promotion [STEP].*—The Committee recommends \$20,000,000 for STEP for fiscal year 2017. STEP provides grants to states to supplement their export promotion programs with the goal of increasing the number of small businesses that are exporting and raising the value of exports for small businesses that are already exporting. States provide matching funds for STEP grants and have used funds to support trade missions,

international marketing efforts, export counseling, and export trade show exhibits.

The Committee recognizes the impact of the SBA State Trade and Expansion Promotion [STEP] program in supporting the development of State Export Partnerships. To extend this impact, promote collaboration, and eliminate duplication of services, the Committee encourages STEP State providers to coordinate activities and deliverables with Small Business Development Centers [SBDCs].

*Entrepreneurial Education.*—The Committee recommends \$10,000,000 for the entrepreneurial education program. This amount is equal to the fiscal year 2016 enacted level and equal to the budget request. The recommendation will allow SBA to support its entrepreneurial education initiative to provide intensive training to small business owners with existing small businesses that have completed the “start up” phase and are facing common, solvable challenges to sustain and grow their businesses.

#### OFFICE OF INSPECTOR GENERAL

Appropriations, 2016 .....	\$19,900,000
Budget estimate, 2017 .....	19,900,000
Committee recommendation .....	19,900,000

#### PROGRAM DESCRIPTION

The SBA Office of Inspector General conducts audits to identify wasteful expenditures and program mismanagement, investigates fraud and other wrongdoing, and takes other actions to deter and detect waste, fraud, abuse, and inefficiencies in SBA programs and operations.

#### COMMITTEE RECOMMENDATION

The Committee recommendation provides \$19,900,000 for the Office of Inspector General.

The Committee directs the Inspector General to continue routine analysis and reporting on SBA’s modernization of its loan management and accounting systems, including acquisition, contractor oversight, implementation, and progress regarding budget and schedule.

#### OFFICE OF ADVOCACY

Appropriations, 2016 .....	\$9,120,000
Budget estimate, 2017 .....	9,320,000
Committee recommendation .....	9,120,000

#### PROGRAM DESCRIPTION

The Office of Advocacy, an independent office within SBA, solicits and represents the views, concerns, and interests of small businesses before Congress, the White House, Federal agencies, Federal courts, and State policymakers.

#### COMMITTEE RECOMMENDATION

The Committee recommendation provides \$9,120,000 for the Office of Advocacy. The recommendation is equal to the fiscal year 2016 enacted level.

BUSINESS LOANS PROGRAM ACCOUNT  
(INCLUDING TRANSFER OF FUNDS)

Appropriations, 2016 .....	\$156,064,000
Budget estimate, 2017 .....	157,064,000
Committee recommendation .....	157,064,000

PROGRAM DESCRIPTION

SBA administers a variety of loan programs to expand entrepreneurs' access to capital to start and grow small businesses. The 7(a) loan program is the Federal Government's primary business loan program to assist small businesses in obtaining financing when they do not qualify for traditional credit. Under 7(a), SBA guarantees a portion (typically 75 to 90 percent) of loans made by private lenders. Under the 504 program, SBA supports loans to small businesses for financing major fixed assets such as real estate and major equipment. The 504 program combines SBA guaranteed loans made by nonprofit Certified Development Companies [CDCs] with loans from private lenders to provide financing for small businesses.

Under the Small Business Investment Company [SBIC] program, SBA partners with professionally managed investment funds, called SBICs. The SBICs combine their own capital with funds borrowed with an SBA guarantee to make investments in small businesses.

Finally, under the Microloan program, SBA provides funds to specialized nonprofit, community-based intermediary lenders which provide small loans for working capital, inventory, and other operating expenses. The maximum microloan is \$50,000 and the average loan made under the program is \$12,246.

COMMITTEE RECOMMENDATION

The Committee recommendation provides \$157,064,000 for the Business Loans Program Account for fiscal year 2017. The recommendation is equal to the budget request and will support the same level or higher of lending.

The recommendation provides \$152,726,000 for administrative expenses, which may be transferred to and merged with SBA salaries and expenses to cover the common overhead expenses associated with the business loans programs.

The recommendation provides \$4,338,000 for the Microloan direct loan program to support lending volume estimated at \$44,000,000. An additional amount of \$25,000,000 is recommended under the heading "Entrepreneurial Development Programs" for technical assistance grants to Microlending intermediaries.

Business loan programs provide crucial access to capital for new and expanding small businesses, but the approval process can be challenging and overly burdensome. The SBA should solicit input from loan recipients seeking ways to streamline the loan review and approval process for small businesses. The Committee directs the SBA to report to the Committees on Appropriations and Small Business and Entrepreneurship within 180 days on the results of this solicitation, including legislative changes, requests for additional resources, or other areas that SBA may pursue in order to



make the loan application and approval process more efficient for applicants.

DISASTER LOANS PROGRAM ACCOUNT  
(INCLUDING TRANSFERS OF FUNDS)

Appropriations, 2016 .....	\$186,858,000
Budget estimate, 2017 .....	185,977,000
Committee recommendation .....	185,977,000

PROGRAM DESCRIPTION

SBA provides low-interest, long-term loans to businesses of all sizes, homeowners, renters, and nonprofit organizations affected by disasters. SBA disaster loans are the primary form of Federal assistance for the repair and rebuilding of non-farm, private sector disaster losses. SBA makes two types of disaster loans. Physical disaster loans are for permanent rebuilding and replacement of uninsured or underinsured disaster-damaged privately owned real and/or personal property and are available to businesses of all sizes, nonprofit organizations, homeowners, and renters. Economic Injury Disaster Loans provide necessary working capital for small businesses and nonprofit organizations until normal operations resume after a disaster.

COMMITTEE RECOMMENDATION

The Committee recommends \$185,977,000 for the administrative costs of the Disaster Loans program. This amount is equal to the budget request. Of the total recommendation, \$158,829,000 is designated by Congress as disaster relief pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

ADMINISTRATIVE PROVISIONS—SMALL BUSINESS ADMINISTRATION

(INCLUDING RESCISSION AND TRANSFER OF FUNDS)

Section 520 continues a provision concerning transfer authority and availability of funds.

Section 521 permanently rescinds unobligated balances in the amount of \$55,000,000 made available for the Certified Development Company Program under section 503 of the Small Business Investment Act of 1958.



## UNITED STATES POSTAL SERVICE

## PAYMENT TO THE POSTAL SERVICE FUND

Appropriations, 2016 .....	\$55,075,000
Budget estimate, 2017 .....	63,658,000
Committee recommendation .....	48,422,000

## PROGRAM DESCRIPTION

The United States Postal Service does not depend upon taxpayer subsidies through discretionary appropriations for its operations but generates nearly all of its more than \$65,000,000,000 in annual gross operating revenue by charging users of the mail for the costs of postage, products, and services. Funds provided to the Postal Service in the Payment to the Postal Service Fund include appropriations for revenue forgone including providing free mail for the blind, and for overseas absentee voting.

## COMMITTEE RECOMMENDATION

The Committee recommends appropriations totaling \$48,422,000 for payment to the Postal Service Fund to compensate for revenue forgone on free mail for the blind and for overseas voters.

The Committee includes provisions in the bill to ensure that mail for overseas voting and mail for the blind shall continue to be free; that 6-day delivery and rural delivery of mail shall continue without reduction; and that none of the funds provided be used to consolidate or close small rural and other small post offices in fiscal year 2017.

On May 27, 2015, the Postal Service announced its decision to defer most of the mail processing plant consolidations scheduled to take place as the final stage of its Network Rationalization Initiative. The Postal Service is encouraged to update the Area Mail Processing feasibility studies for these plants using the most recent available data in advance of implementing the proposed consolidations.

The Committee is concerned that the Postal Service and Postal Regulatory Commission have not completed the methodology on rural and urban mail delivery despite directives pursuant to enactment of the Consolidated Appropriations Act, 2016 (Public Law 114-113). The rural mail delivery report is expected to show service scores for mail from rural to rural areas, rural to urban areas and urban to rural areas, with timeliness scores broken down by State. This report is necessary to demonstrate whether major changes in the Postal Service mail processing network have had a deleterious effect upon rural mail service. The Committee directs that progress on completion and subsequent implementation of this methodology be prioritized at both the Postal Service and Postal Regulatory Commission in order to address mail delays identified by this effort.

OFFICE OF INSPECTOR GENERAL

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 2016 .....	\$248,600,000
Budget estimate, 2017 .....	258,800,000
Committee recommendation .....	252,600,000

PROGRAM DESCRIPTION

The United States Postal Service Office of Inspector General [OIG] is an independent organization established in 1996 and charged with reporting to Congress on the overall efficiency, effectiveness, and economy of Postal Service programs and operations. The OIG plays a key role in maintaining the integrity and accountability of America's postal service, its revenue and assets, and its employees. The OIG meets this responsibility by conducting and supervising objective and independent audits, investigations, and other reviews.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation, out of the Postal Fund, of \$252,600,000 for the United States Postal Service Office of Inspector General.

## UNITED STATES TAX COURT

## SALARIES AND EXPENSES

Appropriations, 2016 .....	\$51,300,000
Budget estimate, 2017 .....	53,861,000
Committee recommendation .....	53,861,000

## PROGRAM DESCRIPTION

The U.S. Tax Court is an independent judicial body in the legislative branch established in 1969 under Article I of the Constitution of the United States. The Court was created to provide a national forum for the resolution of disputes between taxpayers and the Internal Revenue Service, to resolve cases expeditiously while giving careful consideration to the merits of each matter, and to ensure the uniform interpretation of the Internal Revenue Code.

The Tax Court is one of three courts in which taxpayers can bring suit to contest IRS liability determinations, and the only one in which taxpayers can do so without prepaying any portion of the disputed taxes. The matters over which the Court has jurisdiction are set forth in various sections of title 26 of the United States Code.

The Court is composed of 19 judges, one of whom the judges elect as chief judge. Tax Court judges are appointed to 15-year terms by the President with the advice and consent of the Senate. In their judicial duties the judges are assisted by senior judges, who participate in the adjudication of regular cases, and by special trial judges, who hear small tax cases and certain regular cases assigned to them by the chief judge.

The Court is headquartered in Washington, DC, and conducts trial sessions in 74 cities throughout the United States, including Hawaii and Alaska. Decisions by the Court are reviewable by the U.S. Courts of Appeals and, if certiorari is granted, by the Supreme Court.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$53,861,000 for the U.S. Tax Court.

## STATEMENT CONCERNING GENERAL PROVISIONS

The Financial Services and General Government appropriations bill includes general provisions which govern both the activities of the agencies covered by the bill, and, in some cases, activities of agencies, programs, and general government activities that are not specifically covered by the bill.

The bill contains a number of general provisions that have been carried in this bill for many years and which are routine in nature and scope. General provisions in the bill are explained under this section of the report. Those general provisions that deal with a single agency only are shown as administrative provisions immediately following that particular agency's or department's appropriation accounts in the bill. Those provisions that address activities or directives affecting all of the agencies covered in this bill are contained in title VI. General provisions that are Governmentwide

in scope are specified in title VII of this bill. General provisions applicable to the District of Columbia are set forth in title VIII of this bill.

## TITLE VI

### GENERAL PROVISIONS—THIS ACT

Section 601 continues the provision prohibiting pay and other expenses of non-Federal parties intervening in regulatory or adjudicatory proceedings funded in this act.

Section 602 continues the provision prohibiting obligations beyond the current fiscal year and prohibits transfers of funds unless expressly provided.

Section 603 continues the provision limiting expenditures for any consulting service through procurement contracts where such expenditures are a matter of public record and available for public inspection.

Section 604 continues the provision prohibiting funds in this act from being transferred without express authority.

Section 605 continues the provision prohibiting the use of funds to engage in activities that would prohibit the enforcement of section 307 of the 1930 Tariff Act (46 Stat. 590).

Section 606 continues the provision prohibiting the use of funds unless the recipient agrees to comply with the Buy American Act.

Section 607 continues the provision prohibiting funding for any person or entity convicted of violating the Buy American Act.

Section 608 continues the provision authorizing the reprogramming of funds and specifies the reprogramming procedures for agencies funded by this act.

Section 609 continues the provision ensuring that 50 percent of unobligated balances may remain available for certain purposes.

Section 610 continues the provision restricting the use of funds for the Executive Office of the President to request official background reports from the Federal Bureau of Investigation without the written consent of the individual who is the subject of the report.

Section 611 continues the provision ensuring that the cost accounting standards shall not apply with respect to a contract under the Federal Employees Health Benefits Program.

Section 612 continues the provision allowing use of certain funds relating to nonforeign area cost of living allowances.

Section 613 continues the provision prohibiting the expenditure of funds for abortions under the Federal Employees Health Benefits Program.

Section 614 continues the provision providing an exemption from section 613 if the life of the mother is in danger or the pregnancy is a result of an act of rape or incest.

Section 615 continues the provision waiving restrictions on the purchase of nondomestic articles, materials, and supplies in the case of acquisition by the Federal Government of information technology.

Section 616 continues a provision on the acceptance by agencies or commissions funded by this act, or by their officers or employees, of payment or reimbursement for travel, subsistence, or related expenses from any person or entity (or their representative) that engages in activities regulated by such agencies or commissions.

Section 617 continues a provision permitting the Securities and Exchange Commission and the Commodity Futures Trading Commission to fund a joint advisory committee to advise on emerging regulatory issues, notwithstanding section 708 of this act.

Section 618 continues the provision requiring agencies covered by this act with independent leasing authority to consult with the General Services Administration before seeking new office space or making alterations to existing office space.

Section 619 provides for several appropriated mandatory accounts, where authorizing language requires the payment of funds for Compensation of the President, the Judicial Retirement Funds (Judicial Officers' Retirement Fund, Judicial Survivors' Annuities Fund, and the United States Court of Federal Claims Judges' Retirement Fund), the Government Payment for Annuitants for Employee Health Benefits and Employee Life Insurance, and the Payment to the Civil Service Retirement and Disability Fund. In addition, language is included for certain retirement, healthcare and survivor benefits required by 3 U.S.C. 102 note.

Section 620 continues a provision allowing the Public Company Accounting Oversight Board to obligate amounts collected from monetary penalties for the purpose of funding scholarships for accounting students, as authorized by the Sarbanes-Oxley Act of 2002 (Public Law 107-204).

Section 621 continues the provision prohibiting funds for the Federal Trade Commission to complete the draft report on food marketed to children unless certain requirements are met.

Section 622 continues the provision prohibiting funds for certain positions.

Section 623 continues a provision addressing conflicts of interest by preventing contractor security clearance-related background investigators from undertaking final Federal reviews of their own work.

Section 624 continues the provision providing authority for Chief Information Officers over information technology spending.

Section 625 continues the provision prohibiting funds from being used in contravention of the Federal Records Act.

Section 626 continues the provision related to electronic communications.

Section 627 continues the provision relating to Universal Service Fund payments for wireless providers.

Section 628 continues the provision relating to the Securities and Exchange Commission.

Section 629 continues, with modification, the provision relating to individuals affected by the data breach of systems of OPM.

Section 630 is a new provision related to inspectors general.

Section 631 is a new provision related to joint sales agreements.

Section 632 is a new provision relating to the Securities and Exchange Commission.

Section 633 is a new provision relating to the Federal Communications Commission.

TITLE VII  
GENERAL PROVISIONS—GOVERNMENTWIDE  
DEPARTMENTS, AGENCIES, AND CORPORATIONS  
(INCLUDING TRANSFER OF FUNDS)

Section 701 continues the provision requiring agencies to administer a policy designed to ensure that all of its workplaces are free from the illegal use of controlled substances.

Section 702 continues the provision setting specific limits on the cost of passenger vehicles purchased by the Federal Government with exceptions for police, heavy duty, electric hybrid, and clean fuels vehicles with an exception for commercial vehicles that operate on emerging motor vehicle technology.

Section 703 continues the provision allowing funds made available to agencies for travel to also be used for quarters allowances and cost-of-living allowances.

Section 704 continues the provision prohibiting the Government, with certain specified exceptions, from employing non-U.S. citizens whose posts of duty would be in the continental United States.

Section 705 continues the provision ensuring that agencies will have authority to pay the General Services Administration for space renovation and other services.

Section 706 continues the provision allowing agencies to use receipts from the sale of materials for acquisition, waste reduction and prevention, environmental management programs, and other Federal employee programs.

Section 707 continues the provision providing that funds for administrative expenses may be used to pay rent and other service costs in the District of Columbia.

Section 708 continues the provision precluding interagency financing of groups absent prior statutory approval.

Section 709 continues the provision prohibiting the use of appropriated funds for enforcing regulations disapproved in accordance with the applicable law of the United States.

Section 710 continues the provision limiting the amount that can be used for redecoration of offices under certain circumstances.

Section 711 continues the provision that permits interagency funding of national security and emergency preparedness telecommunications initiatives, which benefit multiple Federal departments, agencies, and entities.

Section 712 continues the provision requiring agencies to certify that a schedule C appointment was not created solely or primarily to detail the employee to the White House.

Section 713 continues the provision prohibiting the use of funds to prevent Federal employees from communicating with Congress or to take disciplinary or personnel actions against employees for such communication.

Section 714 continues the provision prohibiting Federal training not directly related to the performance of official duties.



Section 715 continues the provision prohibiting the use of appropriated funds for publicity or propaganda designed to support or defeat legislation pending before Congress.

Section 716 continues the provision prohibiting the use of appropriated funds by an agency to provide home addresses of Federal employees to labor organizations, absent employee authorization, or court order.

Section 717 continues the provision prohibiting the use of appropriated funds to provide nonpublic information such as mailing or telephone lists to any person or organization outside of the Government without approval of the Committees on Appropriations.

Section 718 continues the provision prohibiting the use of appropriated funds for publicity or propaganda purposes within the United States not authorized by Congress.

Section 719 continues the provision directing agencies' employees to use official time in an honest effort to perform official duties.

Section 720 continues the provision authorizing the use of current fiscal year funds to finance an appropriate share of the Federal Accounting Standards Advisory Board administrative costs.

Section 721 continues a provision authorizing the transfer of funds to the General Services Administration to finance an appropriate share of various Governmentwide boards and councils under certain conditions.

Section 722 continues the provision authorizing breastfeeding at any location in a Federal building or on Federal property.

Section 723 continues the provision permitting interagency funding of the National Science and Technology Council, and requiring an OMB report on the budget and resources of the Council.

Section 724 continues the provision requiring identification of the Federal agencies providing Federal funds and the amount provided for all proposals, solicitations, grant applications, forms, notifications, press releases, or other publications related to the distribution of funding to a State.

Section 725 continues the provision prohibiting the use of funds to monitor personal information relating to the use of Federal Internet sites.

Section 726 continues the provision regarding contraceptive coverage under the Federal Employees Health Benefits Plan.

Section 727 continues the provision recognizing that the United States is committed to ensuring the health of the Olympic, Pan American and Paralympic athletes, and supports the strict adherence to antidoping in sport activities.

Section 728 continues the provision allowing departments and agencies to use official travel funds to participate in the fractional aircraft ownership pilot programs.

Section 729 continues the provision prohibiting funds for implementation of OPM regulations limiting detailees to the legislative branch and placing certain limitations on the Coast Guard Congressional Fellowship program.

Section 730 continues the provision prohibiting the expenditure of funds for the acquisition of certain additional Federal law enforcement training facilities.

Section 731 continues a provision that prohibits executive branch agencies from creating or funding prepackaged news stories that

are broadcast or distributed in the United States unless specific notification conditions are met.

Section 732 continues a provision prohibiting funds used in contravention of the Privacy Act, section 552a of title 5, United States Code or section 522.224 of title 48 of the Code of Federal Regulations.

Section 733 continues a provision prohibiting funds in this or any other act from being used for Federal contracts with inverted domestic corporations or other corporations using similar inverted structures, unless the contract preceded this act or the Secretary grants a waiver in the interest of national security.

Section 734 continues a provision requiring agencies to remit to the Civil Service Retirement and Disability Fund an amount equal to the Office of Personnel Management's average unit cost of processing a retirement claim for the preceding fiscal year to be available to the Office of Personnel Management for the cost of processing retirements of employees who separate under Voluntary Early Retirement Authority or who receive Voluntary Separation Incentive Payments.

Section 735 continues a provision prohibiting funds to require any entity submitting an offer for a Federal contract to disclose political contributions.

Section 736 continues a provision prohibiting funds for the painting of a portrait of an employee of the Federal Government including the President, the Vice President, a Member of Congress, the head of an executive branch agency, of the head of an office of the legislative branch.

Section 737 continues a provision limiting the pay increases of certain prevailing rate employees.

Section 738 continues a provision eliminating automatic statutory pay increases for the Vice President, political appointees paid under the executive schedule, ambassadors who are not career members of the Foreign Service, politically appointed (noncareer) Senior Executive Service employees, and any other senior political appointee paid at or above level IV of the executive schedule.

Section 739 continues a provision requiring reports to Inspectors General concerning expenditures for agency conferences.

Section 740 continues a provision prohibiting the use of funds to increase, eliminate, or reduce a program or project unless such change is made pursuant to reprogramming or transfer provisions.

Section 741 continues a provision prohibiting the Office of Personnel Management or any other agency from using funds to implement regulations changing the competitive areas under reductions-in-force for Federal employees.

Section 742 continues a provision that prohibits the use of funds to begin or announce a study or a public-private competition regarding the conversion to contractor performance of any function performed by civilian Federal employees pursuant to Office of Management and Budget Circular A-76 or any other administrative regulation, directive, or policy.

Section 743 continues a provision that ensures that contractors are not prevented from reporting waste, fraud, or abuse by signing confidentiality agreements that would prohibit such disclosure.

Section 744 continues a provision prohibiting funds to any corporation with certain unpaid Federal tax liabilities unless an agency has considered suspension or debarment of the corporation and made a determination that this further action is not necessary to protect the interests of the Government.

Section 745 continues a provision prohibiting funds to any corporation that was convicted of a felony criminal violation within the preceding 24 months unless an agency has considered suspension or debarment of the corporation and has made a determination that this further action is not necessary to protect the interests of the Government.

Section 746 continues a provision prohibiting the expenditure of funds for the implementation of agreements in certain nondisclosure policies unless certain provisions are included in the policies.

Section 747 continues a provision relating to the Consumer Financial Protection Bureau.

Given the need for transparency and accountability in the Federal budgeting process, the Committee directs the Bureau to provide an informal, nonpublic full briefing at least annually before the relevant Appropriations subcommittee on the Bureau's finances and expenditures.

Section 748 continues a provision that addresses possible technical scorekeeping differences for fiscal year 2017 between the Office of Management and Budget and the Congressional Budget Office.

Section 749 continues a provision declaring the inapplicability of these general provisions to title IV and title VIII.

TITLE VIII  
GENERAL PROVISIONS—DISTRICT OF COLUMBIA  
(INCLUDING TRANSFER OF FUNDS)

Section 801 continues the provision that allows the use of local funds for refunding overpayments of taxes collected and for paying settlements and judgments against the District of Columbia government.

Section 802 continues the provision that prohibits the use of Federal funds for publicity or propaganda designed to support or defeat legislation before Congress or any State legislature.

Section 803 continues the provision that establishes notification requirements for certain reprogramming and transfer requirements with respect to funds and specifies a timeframe for approval and execution of requests to reprogram and transfer local funds.

Section 804 continues the provision that prohibits the use of Federal funds for salaries, expenses, or other costs associated with the offices of U.S. Senator or Representative under section 4(d) of the D.C. Statehood Constitutional Convention Initiatives of 1979.

Section 805 continues, with a modification, the provision that restricts the use of official District of Columbia government vehicles to official duties and not between a residence and workplace, except under certain circumstances.

Section 806 continues the provision that prohibits the use of Federal funds by the District of Columbia Attorney General or any other officer or entity of the District government to provide assistance for any petition drive or civil action which seeks to require Congress to provide for voting representation in Congress for the District of Columbia.

Section 807 continues the provision that prohibits the use of Federal funds in this act to distribute, for the purpose of preventing the spread of blood borne pathogens, sterile needles or syringes in any location that has been determined by local public health officials or local law enforcement authorities to be inappropriate for such distribution.

Section 808 continues the provision that includes a "conscience clause" on legislation that pertains to contraceptive coverage by health insurance plans.

Section 809 restricts the use of Federal funds for abortion, with certain exceptions.

Section 810 continues the provision requiring the CFO to submit a revised operating budget for agencies the CFO certifies as requiring a reallocation to address unanticipated program needs.

Section 811 continues the provision requiring the CFO to submit a revised appropriated funds budget for the District of Columbia Schools that aligns the schools' budgets to actual enrollment.

Section 812 continues the provision authorizing the transfer of local funds between operating funds and capital and enterprise funds.

Section 813 continues the provision prohibiting obligations beyond the current fiscal year and prohibits transfers of funds unless expressly provided.

Section 814 continues the provision that ensures that 50 percent of unobligated balances may remain available for certain purposes.

Section 815 continues a provision that appropriates local funds during fiscal year 2018 if there is an absence of a continuing resolution or regular appropriation for the District of Columbia. Funds are provided under the same authorities and conditions and in the same manner and extent as provided for fiscal year 2017.

Section 816 continues the provision which limits references to "this act" in this title or title IV as referring to only this title and title IV.

COMPLIANCE WITH PARAGRAPH 7, RULE XVI OF THE  
STANDING RULES OF THE SENATE

Paragraph 7 of rule XVI requires that Committee reports on general appropriations bills identify each Committee amendment to the House bill "which proposes an item of appropriation which is not made to carry out the provisions of an existing law, a treaty stipulation, or an act or resolution previously passed by the Senate during that session."

The Committee is filing an original bill, which is not covered under this rule, but reports this information in the spirit of full disclosure.

Items providing funding for fiscal year 2017 which lack authorization are as follows:

*Department of the Treasury*

Departmental Offices  
Department-wide Systems and Capital Investments  
Office of the Inspector General  
Inspector General for Tax Administration  
Financial Crimes Enforcement Network  
Fiscal Service  
Alcohol and Tobacco Tax and Trade Bureau  
Community Development Financial Institutions Fund  
Internal Revenue Service:  
Taxpayer Services  
Enforcement  
Operations Support  
Business Systems Modernization

*Executive Office of the President*

Office of Management and Budget  
Office of National Drug Control Policy

*District of Columbia*

Federal Payment for Resident Tuition Support  
Federal Payment for the District of Columbia Water and Sewer Authority  
Federal Payment for Judicial Commissions  
Federal Payment for the D.C. National Guard

*Independent Agencies*

Administrative Conference of the United States  
Commodity Futures Trading Commission  
Election Assistance Commission  
Federal Communications Commission  
Federal Election Commission  
Federal Trade Commission  
General Services Administration:

Federal Buildings Fund <sup>1</sup>  
Merit Systems Protection Board  
National Archives and Records Administration, National Historical Publications and Records Commission  
National Credit Union Administration: Community Development Revolving Loan Fund  
Office of Government Ethics  
Office of Special Counsel

COMPLIANCE WITH PARAGRAPH 7(c), RULE XXVI OF THE  
STANDING RULES OF THE SENATE

Pursuant to paragraph 7(c) of rule XXVI, on June 00, 2016, the Committee ordered favorably reported an original bill (S. 0000) making appropriations for financial services and general government for the fiscal year ending September 30, 2017, and for other purposes, provided that the bill be subject to amendment and that the bill be consistent with its budget allocation, by a recorded vote of 00-00, a quorum being present. The vote was as follows:

COMPLIANCE WITH PARAGRAPH 12, RULE XXVI OF THE  
STANDING RULES OF THE SENATE

Paragraph 12 of rule XXVI requires that Committee reports on a bill or joint resolution repealing or amending any statute or part of any statute include "(a) the text of the statute or part thereof which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the Committee."

In compliance with this rule, changes in existing law proposed to be made by the bill are shown as follows: existing law to be omitted is enclosed in black brackets; new matter is printed in italic; and existing law in which no change is proposed is shown in roman.

<sup>1</sup>Deposits into the Federal Buildings Fund are available for real property management and related activities in the amounts specified in annual appropriations laws, as provided by 40 U.S.C. 592.



## BUDGETARY IMPACT OF BILL

PREPARED IN CONSULTATION WITH THE CONGRESSIONAL BUDGET OFFICE PURSUANT TO SEC.  
308(a), PUBLIC LAW 93-344, AS AMENDED

[In millions of dollars]

	Budget authority		Outlays	
	Committee allocation	Amount in bill	Committee allocation	Amount in bill
Comparison of amounts in the bill with the subcommittee allocation for 2017: Subcommittee on Financial Services and General Government:				
Mandatory .....				

<sup>1</sup> Includes outlays from prior-year budget authority.

<sup>2</sup> Excludes outlays from prior-year budget authority.

NA: Not applicable.

NOTE.—Consistent with the funding recommended in the bill for disaster relief funding and in accordance with section 251(b)(2)(D) of the BBEDCA of 1985, the Committee anticipates that the Budget Committee will provide a revised 302(a) allocation for the Committee on Appropriations reflecting an upward adjustment of \$159,000,000 in budget authority plus associated outlays.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 2016 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL  
FOR FISCAL YEAR 2017

(In thousands of dollars)

Item	2016 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or -)	
				2017 appropriation	Budget estimate
TITLE I—DEPARTMENT OF THE TREASURY					
Departmental Offices					
Salaries and expenses					

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June 14, 2016 (12:50 p.m.)

