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ONE HUNDRED FIFTEENTH CONGRESS

ELIJAH E. CUMMINGS, MARYLAND
RANKING MINORITY MEMBER

Congress of the United States

House of Representatives

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May 3, 2017

The Honorable Jason Chaffetz
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I am writing to urge the Committee not to waive its jurisdiction over the Financial CHOICE Act, H.R. 10.

H.R. 10 is a sprawling and misguided bill that would destroy key financial regulations and consumer protections put in place by the *Dodd-Frank Wall Street Reform and Consumer Protection Act*. It includes numerous provisions that clearly fall within the legislative jurisdiction of the Committee, including provisions pertaining to regulatory reform, unfunded mandates, whistleblower protections, and inspectors general. It is imperative that the Committee review and vote on these dangerous proposals.

Prior to the enactment of the Dodd-Frank Act, unregulated, risky, and abusive practices by banks and financial institutions devastated the U.S. economy—spawning the Great Recession, requiring the creation of the $700 billion Troubled Assets Relief Program, and necessitating unprecedented taxpayer assistance to the Government-Sponsored Enterprises, the banking industry, the auto industry, and numerous financial firms.

Assessing the economic consequences of the Great Recession, staff of the Federal Reserve Bank of Dallas "conservatively estimate that 40 to 90 percent of one year's output ($6 trillion to $14 trillion, the equivalent of $50,000 to $120,000 for every U.S. household) was foregone due to the 2007-09 recession."[1] These losses were devastating to American families.

According to the Russell Sage Foundation:

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[1] Tyler Atkinson, David Luttrell, and Harvey Rosenblum, *Staff Papers: How Bad Was It? The Costs and Consequences of the 2007-09 Financial Crisis*, Federal Reserve Bank of Dallas (July 2013) (online at www.dallasfed.org/assets/documents/research/staff/staff1301.pdf).

> The Great Recession caused an unprecedented decline in wealth holdings among American households. Between 2007 and 2009, average housing prices in the largest metropolitan areas fell by nearly one-third, as measured by the Case-Shiller home price index. Stock prices also collapsed, with the Dow Jones losing nearly half of its value between mid-2007 and 2009. These developments were exacerbated by a doubling in the unemployment rate from 5 to 10 percent between December 2007 and October 2009 and a large reduction in earnings due to increased unemployment, wage and hour cuts, and furloughs.[2]

The Dodd-Frank Act crafted thoughtful, measured financial regulations to reign in the riskiest practices common among banks and financial firms before the Great Recession. It also created the Consumer Financial Protection Bureau to protect American consumers from abusive and predatory financial products and practices.

H.R. 10 would gut the progress we have made and place our economy at greater risk of another crisis. It would increase risks that taxpayers may have to bail out banks and financial firms yet again. As well as leave consumers vulnerable to the kinds of abusive and predatory practices that hurt so many American families before and during the Great Recession.

It is imperative that our Committee consider and vote on legislation that could impose so many harms on our constituents and our economy. For these reasons, I urge the Committee to refuse any request to waive its jurisdiction on this legislation.

Sincerely,

Elijah E. Cummings
Ranking Member

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[2] Fabian T. Pfeffer, Sheldon Danziger, and Robert F. Schoeni, *Wealth Levels, Wealth Inequality, and the Great Recession*, Russell Sage Foundation (June 2014) (online at http://web.stanford.edu/group/scspi/_media/working_papers/pfeffer-danziger-schoeni_wealth-levels.pdf).