

STATEMENT OF DISSENT BY COMMISSIONER SCOTT D. O'MALIA
FISCAL YEAR 2013 PRESIDENT'S BUDGET AND PERFORMANCE REVIEW

FEBRUARY 8, 2012

I respectfully dissent from the Fiscal Year 2013 Budget Submission for the Commission. This budget request, like several requests before it, makes an unsubstantiated case for a massive expansion in staffing that is both unrealistic and unsustainable in this deficit environment. The request for over 300 new FTEs above the current Spending Plan goal baseline of 710 FTEs amounts to an increase of roughly 43 percent. In terms of total budget funding, the request is \$308 million, an increase of \$103 million or 50 percent above the current level of \$205 million. As I have stated many times before, an ever-expanding staff hiring plan is fiscally irresponsible and detrimental to the Commission's already ailing technology programs. The Commission consistently fails to recognize that in the face of its broad new statutory authority to oversee and monitor both the futures and derivatives markets, it cannot afford to continue to push off the key development and deployment of high tech automated surveillance tools, real-time trade monitoring systems, integrated trade data capture and analysis tools and new risk analytics. I cannot sign off on any budget that would put the Commission's ability to conduct its most basic surveillance and monitoring in jeopardy.

If the past two fiscal years provide any guidance, the Commission's commitment to technology must be called into question. In fiscal year 2011, the Congress provided not less than \$37.2 million for technology. Rather than treat that direction as floor as envisioned by Congress, the Commission capped funding for technology at that level forcing it to miss critical Commission-imposed metrics to automate all forms, and develop and deploy essential automated surveillance tools as noted in the Commission's Performance Plan on pages 123-124 of this document. Again, in fiscal year 2012, the Congress provided \$55 million dedicated to the Commission's technology needs, but new hires in early fiscal year 2012 required additional funding and \$10 million was redirected from technology.

For fiscal year 2013, the Commission has changed its budget treatment of technology funding and has included salary costs and overhead as part of the overall technology budget, unlike previous budget submissions. To make an apples-to-apples comparison, this request provides \$70 million for technology with an additional \$26 million allocated towards staffing related costs. This reflects a 55 percent increase above the current year funding level of \$45 million for technology. In comparison, funding for staffing has increased \$8 million, up from \$18 million, an increase of 44 percent.

I continue to support statutory language that would provide a separate funding allocation for technology investments. It cannot be overstated how important it is for the Commission to make investment in technology its highest priority and protect these funds from being redirected for other purposes. If the Commission is to be effective in its oversight responsibilities a robust and well-funded technology program is both essential and ultimately more sustainable than increased staffing in a time of continued deficit.