

free of much of the red tape currently imposed on schools, much of which has no demonstrated tie to student achievement.

The GREAT Act also has more than 80 endorsements from prominent education organizations, college of education deans, and state chief school officers, including Chiefs for Change, the Business Round Table, Teach For America, and the United Negro College Fund.

I urge my colleagues to join me and Rep. POLIS in supporting these important reforms.

RECOGNIZING SPECIALIST DANIEL  
LUCAS ELLIOT IN MEMORIAM

**HON. RENEE L. ELLMERS**

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, May 23, 2013*

Mrs. ELLMERS. Mr. Speaker, I rise today to recognize the service and sacrifice of Specialist Daniel Lucas Elliot.

On July 15, 2011, Specialist Elliott's vehicle was in the lead vehicle of a convoy performing an improvised explosive device patrol in Basra, Iraq. Specialist Elliott's vehicle struck an improvised explosive device, killing him instantly. Specialist Elliott is survived by his parents, Ed A. and Martha P. Elliott of Youngsville, North Carolina, and his wife Trisha H. Elliott of Raleigh, North Carolina.

Specialist Elliott was born on July 18, 1989 in Youngsville, NC. He entered the United States Army Reserve on January 10, 2007. Specialist Elliott attended Basic Training and Advanced Individual Training at Fort Leonardwood, MO where he was awarded the Military Occupational Specialty of Military Police.

In January 2009, Specialist Elliott deployed with the 810th Military Police Company to Baghdad, Iraq, in support of Operation Iraqi Freedom. Later that year he moved to Basra, Iraq, where he served the rest of his deployment.

In March 2011, Specialist Elliott volunteered to deploy to Iraq a second time with the 805th Military Police Company in support of Operation New Dawn. He found himself stationed in Basra, Iraq, with the 3rd Brigade Combat Team, 1st Cavalry Division. It was during this assignment that he gave his life for his fellow soldiers.

Specialist Elliott's awards and decorations include the Bronze Star Medal (posthumous), Purple Heart Medal (posthumous), Meritorious Service Medal (posthumous), Army Commendation Medal, Army Good Conduct Medal, Army Reserve Component Achievement Medal, National Defense Service Medal, Army Service Ribbon, Overseas Service Ribbon, Iraqi Campaign Medal and the Global War on Terrorism Service Medal.

On June 8, 2013, the Army Reserve will dedicate the Cary, North Carolina, US Army Reserve Center to the memory of Specialist Elliot and his sacrifice for our country. The "Specialist Daniel Lucas Elliot Army Reserve Center" will serve as a reminder to the community, the nation, and our army of the courage and sacrifice of our Soldiers as they provide us security and defend our way of life.

Mr. Speaker, I ask that you please join me, and the United States Army Reserve, in recognizing Specialist Elliott's dedicated service to

the Army and our Nation. His performance and selfless service are in keeping with the highest traditions of military service and reflect great credit upon himself, the United States Army Reserve, and the United States Army.

CONGRATULATING MOLLY FREY

**HON. STEVE STIVERS**

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Thursday, May 23, 2013*

Mr. STIVERS. Mr. Speaker, I rise today to congratulate Molly Frey on her achievement as a Military Kid of the Year from "Our Military Kids." I am honored that one of my very own constituents has been selected for this prestigious award.

According to "Our Military Kids," Molly was selected for the award because of her talents in ballet, figure skating, and sailing. She also has a philanthropic spirit, which has led to her helping raise money for breast cancer awareness and volunteering to support other military families through "Operation Baking GALS" (Give a Little Support).

Molly's father, Ohio Air Reserve Guard Senior Master Sgt. Kim Frey, was away on a seven-month deployment, which included six months in Afghanistan. As a Colonel in the Ohio Army National Guard and veteran of Operation Iraqi Freedom, I am impressed with the sacrifices that Molly and her family have made for our country and our freedom. Their family knows all too well that these sacrifices are shared, and I admire their strength to persevere.

Again, I offer my congratulations to Molly Frey. It was an honor to meet her and her family in April when she was in Washington, DC I ask that all Members of Congress rise and join me in recognizing the sacrifices that all military families and personnel make for this great nation, including Molly Frey and her family.

SEC REGULATORY  
ACCOUNTABILITY ACT

SPEECH OF

**HON. ALAN GRAYSON**

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Friday, May 17, 2013*

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1062) to improve the consideration by the Securities and Exchange Commission of the costs and benefits of its regulations and order:

Mr. GRAYSON. Mr. Chair, the U.S. House of Representative has passed a bill called the SEC Regulatory Accountability Act (H.R. 1062). Congress intended with this legislation to ensure that the Securities and Exchange Commission consider the costs and benefits of its regulatory apparatus, and further intended for this legislation to protect investors and improve capital formation.

INTRODUCTION

The Securities Exchange Act of 1934 states that there is a compelling national public interest in the regulation and control of securities transactions occurring either on exchanges or

over-the-counter to "protect interstate commerce, the national credit, the Federal taxing power, to protect and make more effective the national banking system and Federal Reserve System, and to insure the maintenance of fair and honest markets in such transactions." Nothing in the HR 1062 is meant to undermine the implied statutory authority of the SEC to protect the national interest.

In this bill, Congress did not intend to change the well-established rule, set forth in Supreme Court precedent, that any court reviewing an agency rule under the Administrative Procedure Act must be deferential to the agency's judgment and must not substitute the court's judgment for that of the agency.

In this bill, Congress did not intend the SEC to determine whether regulation is warranted if Congress has required the SEC to promulgate a rule. In other words, Congress did not intend to grant the SEC any right or power to ignore Congress's rulemaking mandates. Similarly, in this bill, Congress did not intend to condition any SEC rulemaking on any type of cost-benefit analysis if Congress has required the SEC to promulgate a rule on a matter.

In this bill, Congress did not intend to overturn the SEC's longstanding duty, above all other responsibilities, to protect investors and ensure the integrity of our financial markets. Thus, Congress's intent here is that the SEC, when engaged in rulemaking, do what is necessary to maximize the protection of investors and the integrity of our markets, and only attempt to minimize burdens once the attainment of those goals has been assured.

The Securities Exchange Act of 1934 determines that a significant cost of a lack of regulation are as follows: "National emergencies, which produce widespread unemployment and the dislocation of trade, transportation, and industry, and which burden interstate commerce and adversely affect the general welfare, are precipitated, intensified, and prolonged by manipulation and sudden and unreasonable fluctuations of security prices and by excessive speculation on such exchanges and markets, and to meet such emergencies the Federal Government is put to such great expense as to burden the national credit."

The most recent National Emergency was the financial crisis of 2007–2009. According to the Government Accountability Office, this crisis reduced economic activity and aggregate wealth of the United States by \$22 trillion. Congress, in passing this law, construed that this \$22 trillion number is the implied "benefit" of the SEC's regulatory apparatus. Congress intends the SEC to construe \$22 trillion as the benefit of its aggregate regulatory apparatus in any cost/benefit analysis, and to apply at least part of this \$22 trillion "benefit" as the benefit of any specific regulation. In any regulation in which the benefit of a specific rule or regulation is unclear, Congress intends for the SEC to consider the possibility of an averted National Emergency as a clear benefit.

The specific section of the Act amended by this bill grants to the Securities and Exchange Commission, the Federal Reserve Board of Governors, and other agencies the power "to make such rules and regulations as may be necessary or appropriate to implement the provisions of this chapter for which they are responsible or for the execution of the functions vested in them by this chapter." Nothing in this bill shall be construed to limit the authority of these agencies to regulate the securities markets.

## CONGRESSIONAL INTENT IN SPECIFIC PROVISIONS

In (e)(1)(A) of this bill, Congress mandated that the SEC consider the “nature and source of the problem that the proposed regulation is designed to address, as well as assess the significance of that problem” before issuing a regulation. Congress believes, consistent with systemic risk exceptions for open bank assistance, that the SEC may issue regulations to reduce systemic risk, and that such a rationale for a regulation is sufficient for a consideration of the nature and source of a problem, as well as determining its significance. Congress, consistent with the 1934 Act’s reasoning around the prevention of National Emergencies, intended for the SEC to consider the maximum possible loss to investors and maximum possible decline in capital formation should a regulation not be promulgated. This maximum cost should include considering the possibility of another systemically risky event similar to the financial crisis of 2008, with its implied cost of \$22 trillion (according to the Government Accountability Office).

See also, e.g., *Better Markets, the cost of the Wall Street Collapse and Ongoing Economic Crisis Is More Than \$12.8 Trillion* (Sept. 15, 2012), available at <http://bettermarkets.com/sites/default/files/Cost%20of%20The%20Crisis.pdf>. It is Congress’s intent that when promulgating rules, the SEC must consider whether a rule will help prevent such an economic catastrophe from happening again.

In (e)(1)(B) of this bill, Congress intended the Chief Economist to make a determination of the implied cost to society of not issuing a regulation, and the burden to society implied by current business practices. In requiring the Chief Economist to assess “both qualitative and quantitative” costs and benefits, Congress intended the Chief Economist to take into account costs and benefits that are not easily quantified, and to give such unquantifiable benefits of financial regulation the same consideration as the quantifiable benefits. These unquantifiable benefits include, but are not limited to, the avoidance of investor losses, heightened transparency, greater systemic stability, the benefits of increased investor confidence in the integrity of the financial system and the overall economic system, and, above all, any risk of a collapse of the global financial system and prevention of another crippling financial crisis. As some commentators have observed, it is imperative that rule-making be conducted in a holistic way, one that accounts for the huge benefits that accrue when a collection of rules helps prevent financial crises or other widespread abuses. See *Better Markets, Setting the Record Straight on Cost-Benefit Analysis and Financial Reform at the SEC* (July 30, 2012), available at <http://bettermarkets.com/sites/default/files/CBA%20Report.pdf>.

In Sections (e)(1)(B) and (e)(2)(A) of this bill, Congress recognized that when members of the regulated industry do not provide data on the costs of regulation to the SEC, and when cost data is not otherwise available, the SEC has no obligation to develop its own studies or generate its own data. 6Congress agrees with the assessment of the courts, which have long held that no agency has to go to such lengths when assessing costs, and this bill does not alter this important limit on an agency’s duty.

In (e)(1)(C) of this bill, Congress intended that a determination that a regulation is in-

tended to reduce systemic risk is a sufficient “explanation of why the regulation meets the regulatory objectives more effectively than the alternatives.” In this subsection, Congress intended the SEC to report on alternatives that it considered so as to provide a complete picture of the justification for the regulation; Congress did not intend to create a requirement that the SEC consider any minimum number of alternatives, or any alternatives at all.

In subsection (e)(1)(D) of the text added by this bill, Congress intended that any regulation should be easy to understand to the extent allowed by the subject matter of the regulation; Congress did not intend that regulations should be substantively simplified solely for ease of communication, or that a regulation might be invalid because of its complexity.

In (e)(2)(A) of this bill, Congress noted that, “in deciding whether and how to regulate, the Commission shall assess the costs and benefits of available regulatory alternatives, including the alternative of not regulating, and choose the approach that maximizes net benefits.” Congress believes that the avoidance of systemic risk and the attendant \$22 trillion cost of National Emergencies needs to be considered for any proposed regulation that the SEC determines is intended to reduce systemic risk.

In subsection (e)(2)(A)(ii) of the text added by this bill, Congress intended that the SEC, in identifying the regulation that imposes the “least burden on society,” should consider both the costs and benefits of the regulation itself, and should evaluate those burdens on society created by the regulation and those burdens on society that exist in the absence of regulation and would be mitigated by the proposed regulation. Congress intended the SEC to take into account not only the “cumulative costs of regulation,” but also the cumulative benefits of regulation.

Further, in subsection (e)(2)(A)(iii) of this bill, Congress intended that to “evaluate whether the regulation is consistent, incompatible, or duplicative of other Federal regulations” means to publish the regulation for comment in the Federal Register.

In (e)(3) of this bill, Congress intended that that phrase “industry group concerns” referenced in the second part of the paragraph also apply to the “consumer groups” referenced earlier in the same paragraph. Congress intended that Commission explain any changes resulting from comments by industry or consumer groups, and similarly requires them to give specific reasons if changes suggested by industry or consumer groups were not implemented. Congress intended “consumer groups” to mean groups that act in the public interest and provide a perspective that is generally a counterweight to industry financial interests and facilitating an appropriately diverse marketplace of ideas within the process of making and evaluating regulations. In addition, the SEC may explain a decision not to incorporate an industry group concern by citing an opposing concern raised by another commenter or by the SEC itself.

In (e)(4) of this bill, Congress intended for the Commission not only to take into account the “large burden of such regulation when compared to the benefit of such regulation,” but to also consider whether a regulation imposes only a relatively small burden when compared with its benefit, which could possibly warrant expansion, as is further indicated

by references in same subsection that the Commission should determine whether regulations are “ineffective [or] insufficient” and should be “expand[ed].” In other words, Congress’s intent for Section (e)(4) of this bill was that when the SEC is reviewing its regulations, it will devote the same attention to strengthening and expanding rules that have become weak over time as it does to streamlining or repealing ineffective rules.

In the same paragraph, in determining whether any regulations are “outmoded, ineffective, insufficient, or excessively burdensome,” Congress intended that the Commission should be particularly attentive to the rapid pace of change in the financial industry and the securities markets and the new risks that are created in those markets, including risks to the financial system as a whole, to corporations that rely on those markets, and to investors in those markets. Congress intends that the Commission, in using this periodic review process to “modify, streamline, expand, or repeal” regulations, should proactively protect against new threats to the financial system and close loopholes that are opened up by financial innovation aimed primarily at evading regulation.

In (e)(5)(A)(ii) of this bill, Congress intends that the “quantitative and qualitative metrics” should include, where relevant, the prevention of financial crises and severe recessions caused by those crises, as well as the maintenance of individual investor confidence in the securities markets.

In (e)(5)(B) of this bill, Congress intends that the mandated assessment plan may be in whatever form the Commission deems appropriate for the regulation at issue, subject to the requirements of subsection (e)(5)(B)(i). In particular, some or all of the costs or benefits of the regulation may be qualitative and not reducible to quantitative figures, and the Commission may determine that no action will be taken on the regulation on the basis of qualitative factors included in the assessment.

## A TRIBUTE TO THOMAS GRIFFIN

**HON. TOM LATHAM**

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, May 23, 2013*

Mr. LATHAM. Mr. Speaker, I rise today to recognize the achievements of Thomas Griffin of Ankeny, Iowa for receiving a coveted 2013 James Madison Fellowship from the James Madison Memorial Fellowship Foundation.

The James Madison Fellowship is offered to current and prospective teachers of American history and social studies to support study of the history and principles enshrined in the U.S. Constitution, at the graduate level. These fellowships provide a valuable service to our Nation by both fostering the aspirations of the Nation’s most promising and distinguished teachers while continually improving the quality of teaching in our Nation’s schools.

Mr. Griffin, a teacher at Johnston High School, represents one of just 56 fellowships that were awarded Nationwide in 2013. His selection for this honor will include up to \$24,000 toward a master’s degree in his field of study.

Mr. Speaker, it is a profound honor to represent leaders like Mr. Griffin from the great