



## U.S. Securities and Exchange Commission

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### STATEMENT

# Statement on 2025 PCAOB Budget

**Commissioner Mark T. Uyeda** (</about/sec-commissioners/mark-t-uyeda>)

Dec. 18, 2024

Thank you, Chair Gensler and Chair Williams, for your presentations.

At today's meeting on the PCAOB's 2025 budget, you may hear references to how its budget is increasing "only" 3.9% from last year,[1] compared to double-digit increases during the past two years.[2] However, for this year-over-year comparison to be meaningful, the starting premise must be that the 2024 budget was reasonable and supportable. As I stated last December, it was not.[3]

Another way to evaluate the budget is by comparing the PCAOB's mission and its \$399.7 million request, to the Commission's mission and budget. Assuming that the Commission's appropriations for its 2025 fiscal year will be the same as fiscal year 2024,[4] the Board's budget will be 18.6% of the Commission's appropriations.

The PCAOB's mission is to regulate audits of public companies and SEC-registered broker-dealers.[5] According to the PCAOB, as of August 2024, there were 659 audit firms that had performed an engagement under PCAOB standards.[6]

In contrast, the Commission's tripartite mission calls for it to oversee trading in equity and fixed income markets, disclosures by public companies, activities by approximately 40,000 entities — including more than 13,000 registered funds, more than 15,400 investment advisers, more than 3,400 broker-dealers, 24 national securities exchanges, 103 alternative trading systems, 10 credit rating agencies, 33 self-regulatory organizations, and six active registered clearing agencies, among other external entities.[7]

Without discounting the importance of high-quality audits, I question whether the PCAOB's resources should represent nearly 19% of the Commission's resources.

Over the past four years, the scope of the two agencies' missions has not changed materially. However, in fiscal year 2021, the Board's budget was only 15.2% of the Commission's appropriations.[8] Why has the PCAOB's budget, relative to the Commission's appropriations, increased by over 22% during this time? One might argue that the Commission's budget should be increased, but the level of appropriations is set by Congress. Congress is elected by and is responsible to the voters. Just as Congress expects the Commission to exercise fiscal discipline, the Commission should also ask the Board to do the same, as part of its oversight responsibility.

In addition to the size of the PCAOB's budget, I also have concerns on how the money is being spent. Headcount for the 2025 budget is one fewer employee than the 2024 budget.[9] Nonetheless, aggregate salaries are increasing by \$13.9 million,[10] which is the largest line item increase in the budget.[11] These costs are ultimately passed on to shareholders and customers, and I question the wisdom of continuing to pass on such costs without appropriate oversight by Congress.

Given my concerns, I cannot support today's recommendation on the 2025 budget and accounting support fee. Nonetheless, I thank the members and staff of the PCAOB for their work to carry out the PCAOB's important mission in improving audit quality. For this year's budget process, thank you to Chair Williams and her staff for providing more detailed compensation information, which provided me with more complete information to evaluate the budget. I also recognize Chair Williams's efforts to find more efficiencies in the Board's operations, which were reflected during the budget's passback process with the Commission.

Nearly 10 years ago, in January 2015, I was a member of the Commission's executive staff and briefed on issues relating to audit inspections in China. I am pleased that the Board and Congressional legislation have worked together to achieve inspections of audit firms in mainland China and Hong Kong. The Holding Foreign Companies Accountable Act<sup>[12]</sup> was an important piece of legislation spearheaded by Senator John Kennedy and co-sponsored by Senators Kevin Cramer, Rick Scott, Tom Cotton, and Chris Van Hollen that helped resolve these issues.

Finally, thank you to the staff of the Commission's Office of the Chief Accountant, Office of Financial Management, and Office of the General Counsel for their efforts in the budget review process.

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[1] PCAOB 2025 Budget ("PCAOB 2025 Budget") at p. 1 (\$399,706,000 total outlay in 2025 versus \$384,650,000 total outlay in 2024), available at [https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal\\_year\\_budgets/1a-2025-budget---public-budget.pdf?sfvrsn=bf9eb18d\\_2](https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal_year_budgets/1a-2025-budget---public-budget.pdf?sfvrsn=bf9eb18d_2) ([https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal\\_year\\_budgets/1a-2025-budget---public-budget.pdf?sfvrsn=bf9eb18d\\_2](https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal_year_budgets/1a-2025-budget---public-budget.pdf?sfvrsn=bf9eb18d_2)).

[2] See PCAOB 2024 Budget at p. 1 (10.0% increase in 2024), available at [https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal\\_year\\_budgets/2024-budget.pdf?sfvrsn=58406b25\\_4](https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal_year_budgets/2024-budget.pdf?sfvrsn=58406b25_4) ([https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal\\_year\\_budgets/2024-budget.pdf?sfvrsn=58406b25\\_4](https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal_year_budgets/2024-budget.pdf?sfvrsn=58406b25_4)), and PCAOB 2023 Budget at p. 1 (12.6% increase in 2023), available at [https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal\\_year\\_budgets/2023-budget.pdf?sfvrsn=1acf4860\\_5](https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal_year_budgets/2023-budget.pdf?sfvrsn=1acf4860_5) ([https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal\\_year\\_budgets/2023-budget.pdf?sfvrsn=1acf4860\\_5](https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal_year_budgets/2023-budget.pdf?sfvrsn=1acf4860_5)).

[3] Commissioner Mark T. Uyeda, Statement on 2024 PCAOB Budget (Dec. 13, 2023), available at <https://www.sec.gov/newsroom/speeches-statements/uyeda->

[statement-pcaob-budget-121323](https://www.sec.gov/newsroom/speeches-statement/uyeda-statement-pcaob-budget-121323) (<https://www.sec.gov/newsroom/speeches-statement/uyeda-statement-pcaob-budget-121323>).

[4] The Commission's appropriations for fiscal year 2024 was \$2,149,000,000. See Pub. L. 118-47, 138 Stat. 561, available at <https://www.congress.gov/118/plaws/publ47/PLAW-118publ47.pdf> (<https://www.congress.gov/118/plaws/publ47/PLAW-118publ47.pdf>).

[5] Mission, Vision, and Values, available at <https://pcaobus.org/about/mission-vision-values> (<https://pcaobus.org/about/mission-vision-values>).

[6] See Public Company Accounting Oversight Board; Order Granting Approval of QC 1000, A Firm's System of Quality Control, and Related Amendments to PCAOB Standards, Rules, and Forms, Release No. 34-100968, File No. PCAOB-2024-002 (Sept. 9, 2024) [89 FR 74324, 74339 (Sep. 12, 2024)], available at <https://www.federalregister.gov/documents/2024/09/12/2024-20714/public-company-accounting-oversight-board-order-granting-approval-of-qc-1000-a-firms-system-of> (<https://www.federalregister.gov/documents/2024/09/12/2024-20714/public-company-accounting-oversight-board-order-granting-approval-of-qc-1000-a-firms-system-of>).

[7] Strategic Plan, Fiscal Years 2022-2026 at p. 4, available at [https://www.sec.gov/files/sec\\_strategic\\_plan\\_fy22-fy26.pdf](https://www.sec.gov/files/sec_strategic_plan_fy22-fy26.pdf) ([https://www.sec.gov/files/sec\\_strategic\\_plan\\_fy22-fy26.pdf](https://www.sec.gov/files/sec_strategic_plan_fy22-fy26.pdf)), and Fiscal Year 20205 Congressional Budget Justification and Annual Performance Plan at p. 3, available at <https://www.sec.gov/files/fy-2025-congressional-budget-justification.pdf> (<https://www.sec.gov/files/fy-2025-congressional-budget-justification.pdf>).

[8] The Commission's appropriations for fiscal year 2021 was \$1,894,835,000. See Pub. L. 118-47, 138 Stat. 1419, available at <https://www.congress.gov/116/plaws/publ260/PLAW-116publ260.pdf> (<https://www.congress.gov/116/plaws/publ260/PLAW-116publ260.pdf>). The PCAOB's budget for 2021 was \$287,279,000. See PCAOB 2021 Budget at p.1, available at [https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal\\_year\\_budgets/2021-fiscal-year-budget.pdf?sfvrsn=48a035a4\\_2](https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal_year_budgets/2021-fiscal-year-budget.pdf?sfvrsn=48a035a4_2) ([https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal\\_year\\_budgets/2021-fiscal-year-budget.pdf?sfvrsn=48a035a4\\_2](https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal_year_budgets/2021-fiscal-year-budget.pdf?sfvrsn=48a035a4_2)).

[9] PCAOB 2025 Budget at p. 3 (“The 2025 Budget includes funding for 945 employees...the 2024 Budget reflected 946 positions”).

[10] *Id.* at p. 1 (\$242,579,000 for 2025 budget, compared to \$228,710,000 for 2024 budget).

[11] *Id.*

[12] Pub. L. 116-222, 134 Stat. 1063 (2020), available at <https://www.govinfo.gov/content/pkg/PLAW-116publ222/pdf/PLAW-116publ222.pdf> (<https://www.govinfo.gov/content/pkg/PLAW-116publ222/pdf/PLAW-116publ222.pdf>).

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