



WASHINGTON UPDATE

444 N. Capitol Street NW, Suite 234 ♦ Washington, DC 20001 November 18, 2013

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Senate Takes a Closer Look at Payroll Fraud

Last Tuesday, the Senate, the Health, Education, Labor and Pensions Subcommittee on Employment and Workplace Safety held a hearing on the toll that payroll fraud has on individuals, states, and the federal government. The hearing, entitled “Payroll Fraud: Targeting Bad Actors Hurting Workers and Businesses,” featured three witnesses with anecdotal stories of how payroll fraud has affected them, and a fourth witness, Catherine Ruckelshaus, general counsel of the National Employment Law Project.

Ms. Ruckelshaus’s testimony referenced her previous work on the subject of payroll fraud, along with its continuing problems:

“The 2010 testimony I provided enumerated the various state task force studies showing staggering losses in the billions of dollars to state workers’ compensation, unemployment insurance, and income tax revenues. Updates to the state and federal costs reports show continued and damaging drains on public funds.”

She noted recent state task force efforts to combat the issue:

- The New York Joint Enforcement Task Force on Employee Misclassification said in February 2013 that since its inception in 2007, it has identified over 88,700 instances of employee misclassification, discovered over \$1.4 billion in unreported

wages and conducted 142 joint sweeps.

- In 2012, Massachusetts’ Joint Task Force on the Underground Economy and Employee Misclassification recovered over \$15.4 million through its enforcement efforts.

Ms. Ruckelshaus concluded her testimony by telling the subcommittee:

“The state reforms, including the state task forces and executive branch activity, are an important first step and have brought real results to the state treasuries. There is however a continued need for federal leadership and oversight, as nearly half of the states have no payroll fraud provisions in place, and because the practices continue largely unabated in many sectors.”

Video of the hearing, along with testimony from the panelists, can be found at

www.help.senate.gov/hearings/hearing/?id=cc7f251e-5056-a032-520e-2335584bc64f.

Budget Conferees Meet Publically

The House and Senate Budget Conference Committee met publically last Wednesday, with Congressional Budget Office director Doug Elmendorf giving his report on options to reduce the deficit through 2023: www.cbo.gov/publication/44715. This report presents 103 options that would decrease federal spending or increase federal revenues over the next decade. Some options of note:

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- Tighten eligibility and determinations of income for the Supplemental Nutrition Assistance Program (\$50 billion in savings).
- Eliminate the deduction for state and local taxes (\$954 billion in savings).
- Expand Social Security coverage to include newly-hired state and local government employees (\$81 billion in savings).
- Convert the mortgage interest deduction to a 15 percent tax credit (\$52 billion in savings).

The conference committee has set December 13 as the deadline to craft a budget agreement to keep the government open after January 15. No further public meetings have been scheduled at this time.

Video of the hearing can be seen at www.budget.senate.gov/democratic/index.cfm/committeehearings?ContentRecord_id=441e7ac7-9b1c-4c57-b960-0927fcad741e&ContentType_id=14f995b9-dfa5-407a-9d35-56cc7152a7ed&Group_id=d68d31c2-2e75-49fb-a03a-be915cb4550b.

Congressional Budget Office director Doug Elmendorf's comments on the meeting, along with informational slides, can be found at www.cbo.gov/publication/44730.

The Week Ahead: Federal Government Oversight Positions

Tomorrow, Tuesday November 19, the Senate Homeland Security and Governmental Affairs Subcommittee on

the Efficiency and Effectiveness of Federal Programs and the Federal Workforce will hold a hearing on oversight positions in the federal government.

The hearing will examine the various positions within the federal government tasked with oversight duties, including inspectors general, privacy officers and the Office of Special Counsel. Panelists include Peggy Gustafson, inspector general at the Small Business Administration, and Michael Horowitz, inspector general at the Department of Justice.

Hearing details can be found at www.hsgac.senate.gov/subcommittees/fpfw/hearings/strengthening-government-oversight-examining-the-roles-and-effectiveness-of-oversight-positions-within-the-federal-workforce.

DATA Act on House Floor

The Digital Accountability and Transparency Act (DATA Act) which would expand federal agency disclosure and reporting of federal funds is expected to be on the House floor under suspension this week. The House legislation includes a pilot for expanded recipient reporting and gives OMB discretion to expanded recipient reporting at the conclusion of the pilot. The companion legislation the Senate has not been scheduled for a vote.

More information on the legislation can be found in this month's NASACT news.