



Washington Update



DATA ACT PASSES HOUSE, SIGNED INTO LAW BY THE PRESIDENT

The Senate version (S.994) of the Digital Accountability and Transparency Act (DATA Act) was passed by the House of Representatives last Monday, and was signed into law by President Obama on Friday. S.994 does not include additional recipient reporting but does require federal grant recipients to adopt financial data standards that are to be developed and required by the bill. Additionally, the bill requires a pilot program to assess duplicative reporting and to identify burdens associated with expanded government-wide reporting for grant recipients.

Sens. Mark Warner (D-VA) and Rob Portman (R-OH) sponsored the legislation. In a joint statement last Monday with other lawmakers who backed the bill, Warner said:

“In the digital age, we should be able to search online to see how every grant, contract and disbursement is spent in a more connected and transparent way through the federal government.”

A copy of the bill is available at www.gpo.gov/fdsys/pkg/BILLS-113s994es/pdf/BILLS-113s994es.pdf.

SEC ISSUES VIRTUAL CURRENCY ALERT

The U.S. Securities and Exchange Commission has issued an “Investor Alert” about the status and use of Bitcoin and other virtual currencies:

“The SEC’s Office of Investor Education and Advocacy is issuing this Investor Alert to make investors aware about the potential risks of investments involving Bitcoin and other forms of virtual currency. The rise of Bitcoin and other virtual and digital currencies creates new concerns for investors. A new product, technology, or innovation – such as Bitcoin – has the potential to give rise both to frauds and high-risk investment opportunities. Potential investors can be easily enticed with the promise of high returns in a new investment space and also may be less skeptical when assessing something novel, new and cutting-edge.”

In November 2013, Congress held two hearings on the topics of Bitcoin and virtual currencies. At that time, Senate Homeland Security and Governmental Affairs Committee Chairman Tom Carper (D-DE) commented:

“Virtual currencies, perhaps most notably Bitcoin, have captured the imagination of some, struck fear among others, and confused the heck out of many of us. Fundamental questions remain about what a virtual currency actually is, how it should be treated, and what the future holds...”

In addition, the Internal Revenue Service recently issued guidance stating that it will treat virtual currencies such as Bitcoin as property for federal tax purposes. As a result, general tax principles that apply to property transactions apply to transactions using virtual currency.

The full SEC investor alert can be found at <http://investor.gov/news-alerts/investor-alerts/investor-alert-bitcoin-other-virtual-currency-related-investments#U2uaY41OWic>.



SENATE LOOKS AT A MORE EFFICIENT GOVERNMENT WORKFORCE

The Senate Homeland Security and Governmental Affairs Subcommittee on the Efficiency and Effectiveness of Federal Programs and the Federal Workforce held a hearing last Tuesday entitled “A More Efficient and Effective Government: Cultivating the Federal Workforce.” The hearing examined the state of the federal workforce and the impact of factors such as the federal government shutdown, sequestration, and hiring and pay freezes on employee morale, productivity and efficiency and agency recruitment and retention efforts. The timing of this hearing coincided with the May 4-10 Public Service Recognition Week, which recognizes the service of federal, state, and local government employees.

Although most of the hearing focused on the status of the federal workforce, the topic of state employees and their salaries and benefits packages were brought up by J. David Cox, national president of the American Federation of Government Employees, AFL-CIO. In his testimony, Mr. Cox made an interesting claim about state government workers, saying:

“Comparing salaries for the actual jobs performed by federal employees with the salaries paid by private employers (and state and local government employers) who employ workers in the same jobs shows federal salaries are an average of 35% lower... The federal government has sought to follow the practice of large private sector and state and local government employers. All the recent cuts to [federal] pay and retirement, however, mark a departure from the principle of private sector comparability.”

Testimony from all panelists, as well as the video archive, can be found at www.hsgac.senate.gov/subcommittees/fpfw/hearings/a-more-efficient-and-effective-government-cultivating-the-federal-workforce.

Information on Public Sector Recognition Week can be found at <http://publicservicerecognitionweek.org/index.shtml>.

THE WEEK AHEAD: FUTURE FUNDING OF THE SEC

On Wednesday, the Senate Appropriations Subcommittee on Financial Services and General Government will hold a hearing to discuss the future resource needs of the Securities and Exchange Commission and the Commodity Futures Trading Commission. SEC Chairman Mary Jo White is scheduled to attend.

Information about the hearing can be found at www.appropriations.senate.gov/event/fsgg-hearing-fy15-sec-and-cftc-budget-requests-0. ■

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