NASACT National Association of State Auditors, Comptrollers and Treasurers

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# Washington Update

## GAO HIGH-RISK LIST RELEASED

The U.S. Government Accountability Office has released its latest report of programs they deemed "high-risk" for waste, fraud and abuse. This biennial update describes the status of high-risk areas listed in 2013 and identifies new high-risk areas needing attention by Congress and the Executive Branch. Solutions to high-risk problems offer the potential to save billions of dollars, improve service to the public and strengthen government performance and accountability. A few items of note in this year's list include:

- Enforcement of federal tax laws, including the efficiency and effectiveness of tax law administration, remains an issue.
- Modernizing and safeguarding insurance and benefit programs such as Medicaid may require Congressional legislation to effectively address this high-risk area.

Eighteen of the 30 areas on the 2013 list at least partially met all of the criteria for removal from the high-risk list, although Medicaid and Medicaid Improper Payments remain on the list since their inclusion in 2003. GAO noted:

> "[The Centers for Medicare and Medicaid Services] has demonstrated some leadership commitment to reducing improper payments and has issued guidance to improve corrective actions taken by states. However, the overall improper payment rate increased to 6.7 percent in fiscal year 2014, compared to 5.8 percent in fiscal year 2013. CMS continues to face persistent challenges in reducing improper payments that will require additional leadership commitment and attention to capacity, action plans, monitoring, and demonstrated progress. For example, CMS needs continued leadership commitment to ensure that ongoing efforts, such as working with states to identify and collect improper payments, benefit from reliable data systems that effectively monitor the costs and benefits of actions taken to reduce improper payments."

The full report can be found at www.gao.gov/products/GAO-15-290.

## HOUSE COMMITTEE VOTES TO EXPAND STATE 529 PLANS AND MAKE STATE SALES TAX DEDUCTION PERMANENT

On Thursday, the House Ways and Means Committee passed two bills that would affect state governments in a variety of ways.

**H.R. 529:** Looking to expand the ways state 529 college savings plans can be utilized, this bill contains three components:

1. Computer technology and equipment would be allowed as a qualified higher education expense.
2. Distribution aggregation requirements would be eliminated
3. Tax and penalty relief would be provided in instances where a student may have to withdraw from school for illness or other reasons.

The bill is sponsored by Rep. Lynn Jenkins (R-KS).

**H.R. 622:** A simple, straightforward bill, H.R. 622 would make permanent the deduction of state and local general sales taxes for residents of those states that do not have income taxes. The bill is sponsored by Rep. Kevin Brady (R-TX).

H.R. 529 has 37 cosponsors and a companion bill in the Senate (S. 335). H.R. 622 has 41 cosponsors but no companion legislation as of yet.

## SOCIAL SECURITY UNVEILS NEW ANTIFRAUD WEBSITE

The Social Security Administration announced last week the unveiling of a new antifraud website that highlights the agency's efforts in fighting fraud and protecting workers' investments in the Social Security program. New to the SSA website is a detailed list of the tools and cooperative efforts that the agency is using to fight fraud:

- The Cooperative Disability Investigations (CDI) program brings together personnel from Social Security, the Office of Inspector General's state Disability Determination Services, and state and local law enforcement agencies to analyze and investigate suspicious or questionable Social Security disability claims. Currently, there are 27 units covering 23 states and Puerto Rico. The states of New York and Michigan both joined the CDI program in 2014.
- Social Security's National Anti-Fraud Committee works to make sure the agency is fighting fraud in the best and most efficient way possible. Co-chaired by the OIG, the committee considers best practices and new techniques to detect and prevent fraud. It also provides a forum to collaborate and develop strategies to detect and prevent fraud, and evaluates new anti-fraud initiatives.
- The Access to Financial Institutions Program allows SSA to identify financial accounts, often never disclosed, that have large amounts of money that would preclude the individual from receiving SSI payments.

The SSA's new antifraud website can be found at www.socialsecurity.gov/antifraudfacts/.

## MCDC WEBINAR ATTEMPTS TO ANSWER: "WHAT'S NEXT?"

In light of recent statements from officials at the U.S. Securities and Exchange Commission regarding the agency's continued call for better municipal market disclosure, *The Bond Buyer*, in conjunction with the Public Finance Group at Orrick, conducted a webinar on the topic of the SEC's Municipal Continuing Disclose Compliance (MCDC) Initiative. According to the SEC, the MCDC is intended to address potentially widespread violations of federal securities laws by municipal issuers and underwriters of municipal securities in connection with certain representations about continuing disclosures in bond offering documents. Under the MCDC Initiative, the Division of Enforcement will recommend favorable settlement terms to issuers and obligated persons involved in the offer or sale of municipal securities, as well as underwriters of such offerings, if they self-report to the division possible violations involving materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in Rule 15c2-12 under the Securities Exchange Act of 1934.

Topics addressed during the webinar included:

- What have we learned about continuing disclosure from MCDC?
- What should new official statements say about continuing disclosure compliance?
- What should be considered in drafting new Continuing Disclosure Agreements?
- What policies and procedures should issuers, borrowers and underwriters employ?
- What tools and services are available to assist or monitor compliance?

The webinar is now available online and is free. To register and view the webinar, please visit www.bondbuyer.com/webinars/-1069195-1.html.

## THE WEEK AHEAD: PRESIDENT'S DAY RECESS

The House and Senate begin a one-week recess this week for the President's Day holiday. The next *Washington Update* will be on March 2.

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