

Washington Update



HOUSE SPEAKER ELECTED, WAYS AND MEANS CHAIR OFFICIALLY VACANT

Rep. Paul Ryan (R-WI) was elected speaker of the House of Representatives last Thursday, the position being vacated by the resignation of John Boehner (R-OH) from Congress. With Ryan's election, the battle is officially underway for the powerful chairmanship of the House Ways and Means Committee. As reported in last week's Washington Update, three possible names have surfaced to replace Ryan: House Intelligence Committee Chairman Devin Nunes (R-CA), Rep. Kevin Brady (R-TX), second in seniority to Ryan, and Rep. Pat Tiberi (R-OH). However, late Thursday, Rep. Nunes withdrew his name for chair consideration at the request of Speaker Ryan. In a statement on the matter, Nunes said the following:

"I am honored to have been asked by the new Speaker of the House, Paul Ryan, to continue serving as Chairman of the House Intelligence Committee... After careful reflection and in light of the Speaker's wish for me to continue this important role, I have decided to remain Chairman of the House Intelligence Committee. As a member of the Ways and Means Committee, I look forward to continuing our work to resolve our nation's unfunded liabilities, reform healthcare, open new markets to American goods and services, and especially to overhaul the tax code. These pressing issues are long-time priorities for Speaker Ryan, and I anticipate that Congress will energetically advance solutions under his Speakership."

Nunes introduced the Public Employee Pension Transparency Act (PEPTA) in 2011 and 2013. The bill would require state and local governments to provide specific pension funding disclosure information to the Treasury Department or lose federal tax benefits of their bond issues.

Rep. Sam Johnson (R-TX) will act as temporary chair of the Ways and Means Committee until a replacement is elected.

SEC ANNOUNCES 2015 ENFORCEMENT RESULTS, INCLUDING MUNI MARKET ACTIONS

The U.S. Securities and Exchange Commission has announced that in fiscal year 2015 it prosecuted several first-of-their-kind cases that spanned the spectrum of the securities industry. In the fiscal year that ended in September, the SEC filed 807 enforcement actions covering a wide range of misconduct and obtained orders totaling approximately \$4.2 billion in disgorgement and penalties. Of the 807 enforcement actions filed in fiscal year 2015, a record 507 were independent actions for violations of the federal securities laws and 300 were either actions against issuers who were delinquent in making required filings with the SEC or administrative proceedings seeking bars against individuals based on criminal convictions, civil injunctions or other orders.

Of note in the SEC announcement were enforcement actions in upholding disclosure standards in municipal securities:

- Announced the first two rounds of settlements with 58 municipal underwriting firms under the Municipalities Continuing Disclosure Cooperation Initiative, which encourages and rewards self-reporting of continuing disclosure violations by municipal issuers and underwriters.
- Brought a first-ever action for pricing-related fraud in the primary market for municipal securities against Edward Jones and the head of its municipal underwriting desk.
- Brought first-ever actions against 13 dealers charging violations of Municipal Securities Rulemaking Board Rule G-15(f), which prohibits dealers from effecting customer transactions in municipal securities in amounts below the minimum denomination set for the issue.

Details of the enforcement actions can be found at www.sec.gov/news/pressrelease/2015-245.html.

GFOA EXECUTIVE BOARD APPROVES NEW BEST PRACTICES

The Government Finance Officer's Executive Board has approved some new best practices for government financial management, providing recommendations to government finance officers in the areas of accounting, budget, retirement benefits administration, capital planning and debt issuance. There were several items of note:

- **Understanding Your Continuing Disclosure Responsibilities:** The Committee on Governmental Debt Management updated this best practice to alert issuers to the increasing attention of federal policy makers and investor advocacy organizations on improving disclosure for government bond issuers. The updated best practice emphasizes specific areas for issuers to make improvements in based on the SEC's 2014 MCDC Initiative, as well as separate SEC enforcement cases, such as the 2013 case against the city of Harrisburg, PA and the 2014 Allen Park, MI case (<http://gfoa.org/understanding-your-continuing-disclosure-responsibilities>).
- **Using Technology for Disclosure:** Beyond updating this best practice to increase issuer awareness of federal regulatory efforts to improve issuer disclosure, the Debt Committee also wanted to alert issuers to improved uses of not only issuer websites but new features on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system, which enable issuers to improve the flow of disclosure information to investors. Updates were also made to this best practice to advise issuers on concerns about using other digital communication platforms (such as social media) to transmit disclosure information to investors (<http://gfoa.org/using-technology-disclosure>).
- **Using Credit Rating Agencies:** The Debt Committee developed this new best practice to provide guidance to governments about how to select and manage credit rating agencies. The best practice was organized to help finance officers navigate the ever changing landscape

of credit rating methodologies, and alert governments to the key factors they should consider in hiring one or multiple rating agencies, the types of debt issues that may benefit from obtaining a credit rating, what an issuer should be prepared to do to maintain a credit rating, and guidance on terminating a relationship with a rating agency (<http://gfoa.org/using-credit-rating-agencies>).

THE WEEK AHEAD: IMPROVING MEDICAID

Tuesday

The House Energy and Commerce Subcommittee on Health will conduct a hearing on several bills regarding improvements in Medicaid. The hearing, "Examining Legislation to Improve Medicare and Medicaid," will feature witnesses Katharine Iritani, director of the Health Care Team at the U.S. Government Accountability Office, and former Kansas State Treasurer Rep. Lynn Jenkins (R-KS).

The bills that will be under consideration are as follows:

- Amendment to H.R. 1362, Medicaid REPORTS Act
- H.R. _____, Quality Care for Moms and Babies Act
- Amendment to H.R. 1361, Medicaid HOME Improvement Act
- H.R. 2151, Improving Oversight and Accountability in Medicaid Non-DSH Supplemental Payments Act
- H.R. 2878, to provide for the extension of the enforcement instruction on supervision requirements for outpatient therapeutic services in critical access and small rural hospitals through 2015

<http://energycommerce.house.gov/hearing/examining-legislation-improve-medicare-and-medicaid>

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