

# Washington Update



## DOL RELEASES FACT SHEET ON STATE SAVINGS PROGRAMS FOR NON-GOVERNMENT EMPLOYEES

Last Monday the U.S. Department of Labor published a notice of proposed rulemaking and an interpretive bulletin meant to guide states as they create programs that help more workers save for retirement and that do not run afoul of the Employee Retirement Income Security Act. Nearly 70 million workers lack access to an employer-sponsored retirement plan.

The proposal would provide a new safe harbor from ERISA for state-sponsored IRAs that conform to certain provisions. The proposal would adopt a standard stating that state-sponsored payroll deduction IRA programs must be “voluntary” for workers, rather than “completely voluntary,” as defined in a 1975 rule. This will allow for automatic enrollment of employees in such programs so long as they are given the ability to opt-out and employers are minimally involved. For instance, employers would make the automatic deductions from employee paychecks, but the employees and states would retain control of the program and IRA accounts. Employers could not prevent workers from declining to participate in the program.

Illinois State Treasurer Michael Frerichs commented on the proposals, saying:

“[DOL] Secretary [Thomas] Perez’s leadership today will benefit generations of Americans. In Illinois nearly 1.2 million workers are poised to benefit from our

Secure Choice Retirement Savings Program. With these new federal rules, my administration can move forward with helping some of our state’s most vulnerable workers. I applaud Secretary Perez and the Department of Labor for partnering with states like Illinois to craft a solution.”

Both automatic IRAs and state-based ERISA plans have been created, or are being considered, by various states. A lack of clarity of this area of the law has made other states reluctant to move forward with plans to create additional retirement savings opportunities for workers. The department’s guidance is meant to give states clear information as they move forward in creating programs. The proposed regulation and interpretive bulletin can be found at [www.dol.gov/ebsa/newsroom/fsstatesavingsprogramsfornongovernmentemployees.html](http://www.dol.gov/ebsa/newsroom/fsstatesavingsprogramsfornongovernmentemployees.html).

## SEC COMMISSIONER AGUILAR ANNOUNCES OFFICIAL DEPARTURE DATE

Staying until law professor Lisa Fairfax was named recently as his replacement, the U.S. Securities and Exchange Commission’s Luis Aguilar announced that his final day with the agency will be at the end of December. Commissioner Aguilar is only one of three commissioners who have been nominated by two different presidents from two different political parties in the commission’s history. In his resignation letter, Aguilar noted:

“When I arrived in this country in November 1960 as a refugee from Cuba with little more than the clothes I was wearing, I did not imagine that one day I would be nominated by a President of the United States to serve as a Commissioner at such an esteemed federal agency... I am especially proud of the contribution I have made by sponsoring the first Investor Advisory Committee (IAC), which was so successful that the IAC was later mandated by Section 911 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. I believe the Commission’s mission to protect investors is essential in today’s capital markets, and the IAC plays a crucial role in protecting investors by advising the Commission on, among other things, initiatives to protect investor interests and to promote investor confidence and the integrity of the securities marketplace.”

## NASBO RELEASES STATE EXPENDITURE REPORT

The National Association of State Budget Officers has released its latest state expenditure report. The report found that total state spending in fiscal year 2015 increased at its fastest rate since 1992, driven by federal Medicaid growth. This acceleration of federal funds to states was almost solely due to states receiving significantly more federal Medicaid dollars as part of the first full year of Medicaid expansion under the Affordable Care Act. The report also identified that spending from state funds increased by an estimated 5.9 percent in fiscal 2015, partly bolstered by strong growth in personal income tax collections.

The full report can be found at [www.nasbo.org/sites/default/files/State%20Expenditure%20Report%20%28Fiscal%202013-2015%29S.pdf](http://www.nasbo.org/sites/default/files/State%20Expenditure%20Report%20%28Fiscal%202013-2015%29S.pdf).

## GAO RELEASES EFFECTIVENESS ASSESSMENT

The U.S. Government Accountability Office released its own effectiveness assessment last week, in a new report entitled “Performance and Accountability Report Fiscal Year 2015.” This report was generated to inform Congress and the American people about what GAO has achieved on their behalf, and describes GAO’s performance measures, results, and accountability processes for fiscal year 2015. In assessing its performance, GAO compared actual results against targets and goals that were set up in its annual performance plan and performance budget. The report contains the following sections:

- **A Fiscal Year 2015 Performance and Financial Snapshot for the American Taxpayer:** Provides an overview of GAO’s performance and financial information for fiscal year 2015 and outlines GAO’s near-term and future work priorities.
- **Introduction:** Includes the letter from the comptroller general and a summary discussion of GAO’s mission, strategic planning process, and organizational structure, strategies they use to achieve their goals, and process for assessing their performance.

- **Management’s Discussion and Analysis:** Discusses GAO’s agency-wide performance results and use of resources in fiscal year 2015. It also includes information on their internal controls and the management challenges and external factors that affect their performance.
- **Performance Information:** Includes details on GAO’s performance results by strategic goal in fiscal year 2015 and the targets they are aiming for in fiscal year 2016.
- **Financial Information:** Includes details on GAO’s finances in fiscal year 2015, including a letter from the chief financial officer, audited financial statements and notes, and the reports from the external auditor and Audit Advisory Committee.

Looking ahead to 2016, the report notes:

“In the near term, executive branch agencies and the Congress can take action to improve the government’s fiscal position by addressing two long-standing issues—improper payments and the tax gap. Improper payments are defined by statute as payments that should not have been made or that were made in an incorrect amount. The tax gap is the difference between taxes owed and those paid on time, as a result of taxpayers underreporting their tax liability, underpaying taxes, or not filing tax returns. Over time, improper payments and the tax gap issues involve amounts near or exceeding \$1 trillion.”

The full report can be found at [www.gao.gov/assets/680/673653.pdf](http://www.gao.gov/assets/680/673653.pdf).

## THE WEEK AHEAD: THANKSGIVING RECESS

Congress will enter the Thanksgiving recess this week and will return to work on Monday, November 30. The next Washington Update will be on Monday, December 7.

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