



the voice of career federal executives since 1980

77 K Street N.E., Suite 2600 • Washington, D.C. 20002 • (202) 927-7000 • Fax (202) 927-5192 • www.seniorexecs.org

April 13, 2012

The Honorable Joseph Lieberman
Chairman
Committee on Homeland Security and Governmental Affairs
706 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Susan Collins
Ranking Member
Committee on Homeland Security and Governmental Affairs
413 Dirksen Senate Office Building
Washington, D.C. 20510

Re: S.2038—The STOCK Act

Dear Chairman Lieberman and Ranking Member Collins,

The Senior Executives Association (SEA) represents the interests of career federal executives in government, including those in the Senior Executive Service (SES) and in equivalent positions, such as Senior Level and Scientific and Professional positions. We write to express our strong concerns with the STOCK Act, recently signed into law by the President, as some of the law's provisions are detrimental to career Senior Executives, and, as we had previously warned, these intrusive requirements are already having a chilling effect on the recruitment and retention of career Executives.

Before the bill was passed by the Senate, we wrote to Senate leadership and detailed our reasons for amending the bill (a copy of that letter is enclosed). The version signed into law contains provisions that require career Senior Executives to comply with reporting requirements that are burdensome, complex, and, most important, unnecessarily invasive of personal privacy.

Specifically, Section 6 of the bill requires that not later than 30 days after receiving notification of a completed financial transaction, Senior Executives must file a report of the transaction. Such a requirement would put an enormous burden on some of our hardest working career public servants, and Senior Executives could easily fall afoul of the rule without realizing they have done so. Many career Senior Executives use financial advisors or portfolio managers,

because, they, like most Americans, do not have time to monitor the constant gyrations of the modern stock market. If a Senior Executive does use a financial advisor or portfolio manager, he or she might not get word of individual financial transactions within the 30 day window, or have the ability to receive the necessary information to make reports on individual transactions. Our members are already expressing deep concern over this rule, and many have written to say that it will jeopardize their ability to plan effectively for retirement.

We also believe that Section 11 (b) of the bill, which requires OGE to create a public database of financial disclosure reports filed by executive branch employees, is extremely detrimental to career Senior Executives, and we have also heard from many talented GS 14s & 15s that impending implementation of the rule has caused them to abandon their plans to join the Senior Executive Service. In addition, many current Senior Executives are considering retirement or falling back to a GS-15 in light of the new rules.

Requiring financial disclosure forms to be publicly accessible and searchable through a website raises a host of issues. First and foremost, it appears to be a gross violation of the spirit of the Privacy Act. As you know, the Privacy Act of 1974 was promulgated to regulate federal government record keeping and disclosure and recognizes instances where information should be exempt from disclosure. Under the Stock Act, however, federal employees' financial information will be readily available to the public and can not only hurt an individual's right to privacy, but could also prove outright harmful. For instance, Foreign Service officers or other federal employees serving abroad could come under easy scrutiny by foreign interests, including terrorists. Supervisors within a federal agency could be subject to unwarranted personal scrutiny by their subordinates, causing tension and problems in the workplace. Many executives are concerned about the very real possibility of identity theft.

SEA understands the desire to bring transparency to the financial disclosures of publicly elected officials. What we do not agree with is applying such broad standards to career federal employees. Currently, Senior Executives and equivalent senior level employees are required to file annually financial disclosure reports (OGE Form 278). On that form, they are already required to report purchase, sales and exchange of stocks, bonds, commodity futures and other securities when the amount exceeds \$ 1,000. Furthermore, they must report the source of spousal earned income, and transactions by a spouse or dependent child; thus, the new requirements will affect their family members as well as the executives themselves. Although not available on a public website, members of the public can access this information by filing a request.

As far as SEA is aware, there are no documented problems with access to this information or with the disclosures themselves. The current system provides the necessary oversight and transparency to ensure career Senior Executives are making proper financial disclosures. Attempts to broaden public access as dictated through the STOCK Act appear to be a solution in search of a problem.

We believe that the legislation should have been written more narrowly, insofar as it was originally meant to apply only to Members of Congress, their staff, and political appointees. And in light of the onerous requirements placed on career federal employees by Section 6 and Section 11, SEA urges you to consider repealing these sections of the bill.

Sincerely,



CAROL A. BONOSARO
President



WILLIAM L. BRANSFORD
General Counsel



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April 13, 2012

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Reform
2347 Rayburn House Office Building
Washington, D.C. 20510

The Honorable Elijah Cummings
Ranking Member
Committee on Oversight and Government Reform
2235 Rayburn House Office Building
Washington, D.C. 20510

Re: S.2038—The STOCK Act

Dear Chairman Issa and Ranking Member Cummings,

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