

Office of Government Ethics

**Report on Improvements to the Financial
Disclosure Process for Presidential Nominees**

to the
Committee on Governmental Affairs of the Senate
and the Committee on Government Reform of the
House of Representatives

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Executive Summary

The nomination and confirmation process has grown increasingly complex over the years so that today it is viewed by many as being unnecessarily complicated and unduly burdensome for persons being considered for Presidential appointments. Various commissions and studies in the past have made recommendations for simplifying and rationalizing this process. In 2000, with the approach of another Presidential transition, attention was once again turned to this process. Under the Presidential Transition Act of 2000, Congress directed the Office of Government Ethics (OGE) to study the process and propose ways to: (1) streamline, standardize, and coordinate the financial disclosure process for Presidential nominees under the Ethics in Government Act of 1978; (2) avoid duplication of effort and reduce the burden of financial disclosure filings; and (3) address other matters OGE deemed appropriate, without making any proposal that would have the effect of lessening substantive compliance with any conflict of interest requirement.

OGE obtained the opinions of interested parties first by reviewing their studies of the process. We also reviewed the questionnaires used by confirming committees of the 106th Congress and the White House, as well as the forms and instructions used by all three branches for public financial disclosure required by the Ethics in Government Act. We sought and obtained comments about the process through a notice in the Federal Register. Finally, we discussed possible proposals with executive branch ethics officials, and spoke with individuals who have been or are currently involved in the process.

Public financial disclosure by high-level Government employees was introduced into law to provide a tool for identifying and resolving potential conflicts of interest and to increase public confidence in the Government. It is fundamental to the executive branch ethics program. The current public financial disclosure system, however, requires reporting more information than is useful or necessary to achieve its fundamental goals. Some of the detail regarding assets, transactions and other reportable items is more intrusive and burdensome than it need be. Such unnecessary detail could be eliminated without “lessening substantive compliance with any conflict of interest requirement.” Eliminating such nonessential detail would benefit both Presidential nominees and the approximately 20,000 Government employees who are subject to public reporting.

To simplify financial disclosure and mitigate the burden, OGE is recommending changes to the Ethics in Government Act for the executive branch to: (1) reduce the number of valuation categories; (2) shorten certain reporting time-periods; (3) limit the scope of reporting by raising certain dollar-thresholds; (4) reduce details that are unnecessary for conflicts analysis; and (5) eliminate redundant reporting.

In addition to the form used for public financial disclosure in the executive branch (the SF 278), there are several other forms requiring financial and other information that must be filed by potential nominees. These include the White House Personal Data Statement, the Questionnaire for National Security Positions (SF 86), and Senate confirming committee questionnaires. Our comparison of the SF 278, SF 86, and committee forms identified overlap and inconsistency. We

developed charts from which the parties responsible for these forms can note the overlap and can then balance the burdens that the questions on these forms create against the needs to obtain the information they seek.

OGE also has addressed the suggestion that other ethics program related statutes be revised, including criminal conflict of interest statutes. For example, OGE is exploring an expansion of the existing tax code provision that deals with taxes resulting from the divestiture of an asset for conflict of interest purposes. This would involve an amendment to the tax code to allow for a Certificate of Divestiture program for the sale of many stock options. Current law only applies when a sale results in capital gains. With regard to the criminal conflict of interest statutes, we have already been in contact with the Department of Justice to begin exploring the revision of the conflict laws.

OGE is ready to work with both the executive and legislative branches to make the appointment process smoother and less burdensome for all parties.

Introduction.

Just over ten years ago, the nomination and confirmation process generated such concern that former President Bush established the President's Commission on the Federal Appointment Process. The Commission was established under the Ethics Reform Act of 1989 and Executive Order 12719 to study ways to simplify the Presidential appointment process by reducing the number and complexity of forms to be completed by potential appointees.

That effort resulted in some improvements. Today, however, the nomination and confirmation process is viewed by some as even more protracted, complicated, and burdensome than it was ten years ago. In 2000, with an upcoming Presidential transition, attention once again turned to this process. As one group looking at the appointment process found:

Those who survive the appointments process often enter office frustrated and fatigued, in part because they get little or no help, and in part because the process has increasingly become a source of confusion and embarrassment.¹

The Presidential Transition Act of 2000 (Transition Act), Public Law 106-293, included a provision directing the Office of Government Ethics (OGE) to study the financial disclosure process for Presidential nominees required to file reports under section 101(b) of the Ethics in Government Act of 1978 (5 U.S.C. App. § 101(b)). It also directed OGE to submit by mid-April 2001, a report to the Committee on Governmental Affairs of the Senate and the Committee on Government Reform of the House of Representatives making recommendations on improvements to this process.

Section 3(b)(1) of the Transition Act states that the report is to include recommendations and legislative proposals on --

(A) streamlining, standardizing, and coordinating the financial disclosure process and the requirements of financial disclosure reports under the Ethics in Government Act of 1978 (5 U.S.C. App.) for Presidential nominees;

(B) avoiding duplication of effort and reducing the burden of filing with respect to financial disclosure of information to the White House Office, the Office of Government Ethics, and the Senate; and

(C) any other relevant matter the Office of Government Ethics determines appropriate.

¹Paul C. Light and Virginia L. Thomas, The Merit and Reputation of an Administration: Presidential Appointees on the Appointments Process, The Presidential Appointee Initiative, Washington, DC: April 28, 2000, page 3.

The Transition Act placed one limitation on the recommendations to be submitted. Any recommendations made in the report “shall not (if implemented) have the effect of lessening substantive compliance with any conflict of interest requirement.” This report is in response to the directive of the Transition Act.

The nomination and confirmation process referenced in the Presidential Transition Act encompasses the activities of many executive branch agencies, including OGE. In general, the first Government contact for an individual who may be considered for nomination will be the White House. The White House provides potential nominees with the forms to complete, including the Public Financial Disclosure Form (Standard Form 278), and the Questionnaire for National Security Positions (SF 86), that furnishes information for the background investigation. The White House then requests the Federal Bureau of Investigation (FBI) (or State Department or Defense Department) to perform a background investigation, the Internal Revenue Service (IRS) to perform a “tax check,” and OGE, in conjunction with the employing agency, to perform a conflicts of interest analysis, based upon a review and analysis of the SF 278. Using this information, a final determination on a nomination is made. Once a nominee’s name is formally sent to the Senate, the committee or committees that will hold confirmation hearings communicate directly with the nominee about the information that the committee requires.

In this report, OGE occasionally refers to procedures or systems that are not within the jurisdiction of OGE but are administered by another part of the Government. We have discussed this study with each of those other entities, and recommend that these discussions continue. But, we wish to emphasize that any significant improvements to the nomination and confirmation process will require actions by OGE as well as by others.

Because of the many Government entities involved in the nomination and confirmation process, OGE made an extensive effort to obtain the views of the many effected entities. In developing this report, OGE obtained written input and met with many of the executive branch ethics officials who also work with the financial disclosure system on a day to day basis. OGE also:

- obtained the views of those non-Governmental organizations (NGOs) we knew to be interested in transition and presidential appointment issues;

- obtained and reviewed the questionnaires from each confirming committee and from the White House;

- obtained and reviewed the forms and instructions of the House, Senate, and judicial branch public financial disclosure systems based upon the Ethics in Government Act;

--placed a notice in the Federal Register seeking comment from agencies and the public; and

--spoke with a number of individuals who have been or currently are involved in the clearance process for Presidential appointments.

A detailed listing of the outreach efforts that were made in preparing this report can be found in Appendix A and the selected studies that we reviewed can be found at Appendix B.

Report Organization

This report is divided into three sections. Part I contains OGE's recommendations to streamline the requirements of the public financial disclosure system under Title I of the Ethics in Government Act, which is reflected in the current SF 278.

Part II addresses the multiple financial information requests involved in the nomination and confirmation process which may unduly complicate or delay the process or otherwise serve as unnecessary impediments to service in a PAS position. Included is a discussion of the overlapping questions found on the SF 278, the SF 86 (Questionnaire for National Security Positions) and its supplemental questions, and each Senate confirming committee's questionnaire.

Part III of the report addresses related ethics program issues that can affect service in the executive branch at all levels. This includes potential changes to the tax code for gain resulting from the divestiture of an asset by an executive branch employee for conflict of interest purposes.

At the end of the report, there is a conclusion that summarizes the actions OGE will undertake independently, as well as OGE's commitments to work with other executive branch agencies and the Senate, to bring about the improvements we are recommending.

Part I. Executive Branch Public Financial Disclosure Requirements.

This part discusses proposed improvements to the public financial disclosure reporting system. In preparing this report, we undertook a complete review of both the legal requirements of the Ethics in Government Act and our own practices in administering the public reporting system. We found that many elements are working well and are fulfilling the fundamental purposes of the public reporting system. We have not discussed those elements of the system that we believe should remain unchanged. Rather, our discussion focuses on those areas where we believe change is appropriate.

We wish to note that our recommendations for changes to the Ethics in Government Act are for the executive branch only. While executive branch employees are subject to substantial criminal and civil conflict of interest statutes, officers and employees of other branches are not. Thus, we take no position as to whether the changes we recommend would adequately meet the public policy needs for public disclosure in the other two branches.

Public financial disclosure by certain high level political appointees, as well as certain senior career employees of the executive branch, was first introduced as a statutory requirement in 1978 with the passage of the Ethics in Government Act, Public Law 95-521. At that time, public financial disclosure was intended to --

- increase public confidence in Government;
- demonstrate the high level of integrity of the vast majority of Government officials;
- deter conflicts of interest from arising because official activities would be subject to public scrutiny;
- deter persons whose personal finances would not bear up to public scrutiny from entering public service; and
- better enable the public to judge the performance of public officials in light of the official's outside financial interests.²

OGE believes that all of these goals remain valid today. The public financial disclosure system is a fundamental element of the executive branch ethics program. The information that it requires regarding assets, income, compensation arrangements, outside positions, clients, and other financial matters relates directly to conduct requirements and it is essential to maintaining the integrity of Government operations and programs. Moreover, making this information publicly available ensures outside scrutiny and contributes to public confidence in Government.

²Senate Report No. 95-170, at 21-22, *reprinted in* 1978 U.S.C.C.A.N. 4237-4238.

Based upon more than 20 years of experience administering this statutory system, however, we believe that the current public financial disclosure system requires the reporting of more information than is necessary or useful for the purposes of conflict of interest analysis or maintaining public confidence in Government.³ Some of the specific detail regarding assets, transactions and other reportable items is intrusive or burdensome to the filer and could be eliminated without “lessening substantive compliance with any conflict of interest requirement.” Eliminating such unnecessary detail would relieve the burden that falls not only on Presidential nominees but also on approximately 20,000 executive branch employees who are subject to public reporting.

We also believe that a reporting system should be designed so that it is practical for the vast majority of filers. For example, it is neither necessary nor desirable to require every filer to provide details for every asset that is reported, whether or not that asset presents a potential conflict. Even the existing reporting system does not require the reporting of so much detailed information that ethics officials never need to obtain additional clarifying information. Ethics officials as well as OGE currently request additional information from a filer that is relevant to the resolution of a potential conflict, and it is the filer’s obligation to provide it.

Furthermore, the Government’s interest in public financial disclosure must always be balanced against the privacy interest of filers. We need to take a careful look at the sometimes competing interests that are at stake in an environment in which a financial disclosure report that has been posted on the Internet is subject to global dissemination. The citizen’s interest in public access, the filer’s interest in privacy, and the Government’s interest in being able to attract the most qualified persons to enter Government service must all be carefully considered in light of the realities of the information age. Eliminating unnecessary detail will lessen the intrusiveness of this system, while providing ethics officials and the public with sufficient information to judge the actions of the individual filer.

In this part of the report, we first discuss OGE’s own practices and interpretations that we have reviewed and determined should be revised to lessen any unnecessary burdens on filers and reviewers. These are changes that do not require any legislative action, but were prompted by the review undertaken in preparing this report.

³The types of financial information requested -- assets, sources of income, liabilities, positions held outside the Government, continuing arrangements with former employers or agreements with future employers, gifts, transactions, and client information -- all have some useful relationship to a current conflict of interest or ethics statute or a conduct regulation. Those statutes can and do take into consideration the financial interests of spouses and children, so reporting requirements extend to those interests as well. It is not the general subject of the information requested, but rather the level of detail required about that subject, that is burdensome.

A. Non-legislative Improvements to the Public Reporting System

As part of OGE's review of Title I of the Ethics in Government Act, we considered whether the burdens of public filing could be reduced merely by our making procedural or interpretative changes to the public reporting system for nominees. We concluded at the outset that we could have an immediate impact by consolidating the various levels of review of a nominee financial disclosure report within OGE. This streamlining ensures that a nominee will not be unnecessarily contacted several times for additional information by OGE. Consolidating requests for additional information can aid in reducing the frustration level of a nominee who may view the reporting system as unduly complicated.

We also analyzed whether certain of our interpretations of the Ethics in Government Act should be revisited. We looked particularly at cases where filers have been required to report the holdings of: (1) investment partnerships where they serve as limited partner; (2) trusts where they serve as trustee; (3) estates where they serve as executor; and (4) other persons for whom they have a power of attorney. We determined that some flexibility was warranted where filers were unable, without extraordinary effort, to ascertain the value and income of the subholdings of limited partnerships (i.e. where one limited partnership invests in another limited partnership). Those values are not necessary for conflicts of interest analysis and obtaining them can sometimes impose a heavy burden on filers. In addition, upon reevaluation, we have decided that filers generally should not be required to disclose the assets of a person for whom they have a power of attorney, nor the assets of an estate for which the filer serves as an executor.⁴

We are in the process of consulting with the Office of Legal Counsel at the Department of Justice about the applicability of conflict of interests prohibitions to an employee serving as a trustee for a non-family trust. The resolution of this issue will help determine whether any appropriate changes can be made to the reporting requirements for holdings in trusts in such cases.

These changes reflect the recognition of OGE's ongoing and continuous responsibility to review its own systems and interpretations to ensure that our responsibilities are being performed as efficiently and practically as possible. We are pleased that these changes, with the exception of the trust question, have already been implemented.

In addition, there is another possible change that involves the procedures of confirming committees. There are a number of boards, commissions, and committees whose members must be appointed by the President and confirmed by the Senate. If these individuals are not paid (or not highly paid) or are not expected to serve more than 60 days, they are not required to file a SF 278. However, a number of Senate committees ask them to complete a SF 278. OGE reviews this report

⁴Although generally the assets of other persons or estates do not have to be disclosed, in certain cases an employee may have a financial interest in such assets. This might occur, for example, when an executor's fee is calculated as a percentage of the estate's holdings. In such cases, reporting of the assets will continue to be required.

and provides its conflicts analysis to assist the committees, although we do not treat the form as public.

A few Senate committees require the less complex OGE Form 450 Confidential Financial Disclosure Report from individuals who will serve in part-time positions not otherwise covered by public reporting requirements. This form provides enough information to make conflict determinations for these nominees. We recommend that all the committees request only an OGE Form 450 from individuals who are nominated to a part-time position on a board, commission, or committee and who would not otherwise be required to file a public report. This action would require no legislation to accomplish and would remove what has been identified by some groups as a disincentive to service in these positions. We will be approaching each committee shortly with this suggestion.

B. Recommended Changes to the Ethics in Government Act⁵

This section addresses improvements that would require legislative action to amend the Ethics in Government Act. OGE determined that the public financial disclosure system could be improved substantially by amending the law upon which it is based. Specifically, we propose that the Ethics in Government Act be amended to: reduce the number of valuation categories throughout; shorten certain reporting time-periods; limit the scope of reporting by raising certain dollar-thresholds; reduce descriptive details that are unnecessary for conflicts analysis; and eliminate redundant reporting. It is important to note that we believe these recommendations are consistent with the mandate in the Transition Act not to lessen substantive compliance with any conflict of interest requirement. For reference purposes we have attached as Appendix C a copy of the current SF 278 as well as a “revised model” SF 278 that illustrates all the changes proposed in this report.

These recommendations are closely inter-related and inter-dependent and we present them as a single, complete proposal. In other words, in the effort to reduce redundancy and excessive reporting, we have ensured that all aspects of the proposed reporting requirements are coordinated. Therefore, we must stress that if any portion of these recommended changes is not adopted, OGE will need to review the whole proposal to ensure that information necessary for conflicts review and ethics program compliance has not been inadvertently lost.

1. Reduce the number of valuation categories throughout.

a) Reduce the current eleven categories of asset value to three.

For executive branch employees, a financial conflict exists if he or she (or other persons or entities with whom they have a specified affiliation) has a financial interest in a matter in which they

⁵These recommendations encompass the entire system of new entrant, annual and termination public financial disclosure filings for officers and employees throughout the executive branch, not just nominees.

would participate as part of their job (18 U.S.C. § 208). The magnitude of the financial interest is not relevant for conflicts determinations, unless a waiver of the conflict or an exemption from the recusal requirement is being considered. To determine the application of this basic financial conflict statute, an ethics official reviewing a financial disclosure report has little need to know the value of an asset that creates a potential conflict for an employee. One could, therefore, make a legal argument that the value of an asset offers little to a conflicts analysis. Nonetheless, given the underlying justifications cited earlier for having a “public” financial disclosure form, we believe that some general sense of the substantiality of an asset is useful. Rather than the current eleven categories of value for asset disclosures, however, we propose three -- \$1,001 - \$15,000; \$15,001-\$100,000; and over \$100,000.

The first category (\$1,001 - 15,000) encompasses the current proposed dollar threshold for one of the regulatory exemptions issued by OGE under 18 U.S.C. § 208, concerning certain publicly traded securities.⁶ Simply recognizing that an asset has a value below that amount will assist an ethics official who reviews a financial disclosure report, and it should also reinforce the significance of that amount for the filer when he or she examines personal assets in order to prepare a disclosure report.

The uppermost category of asset value that we are proposing (over \$100,000) represents what we believe would be considered a significant asset by most filers and the public. We do not believe that further detail above that amount is necessary, either for the public or for a conflict of interest analysis. If members of the public are informed that a filer holds an asset which they consider substantial (over \$100,000), it is not necessary, we believe, for them also to know the extent to which that asset’s value exceeds \$100,000. Further, from the perspective of the nominee, significant personal privacy will be restored if the requirement to disclose these details of one’s wealth (or lack thereof) is eliminated.

b) Reduce the current eleven categories of income amount to three.

Information indicating the amount of income from investments is normally of limited use in conflicts analysis. Certainly the degree of detail required by the current statute, with its eleven categories, is not needed. Likewise, for earned income, over-specificity regarding the amount (which must currently be disclosed as an exact figure) is unnecessary. In order to preserve some general public information about both investment and earned income, however, while also protecting the nominee’s privacy, we propose three categories of income -- \$501-\$20,000; \$20,001-\$100,000; and over \$100,000. (See our separate recommendation, discussed below, for eliminating the requirement to report exact amount of income earned.)

⁶See the proposed amendment to 5 C.F.R. § 2640.202(a)(2), at 65 Federal Register 53945 (September 6, 2000).

c) Reduce the current eleven categories of value for liabilities to three.

We believe that three categories (\$20,001-\$100,000; \$100,001-\$1,000,000; and over \$1,000,000) provide sufficient information about liabilities for all purposes of public financial disclosure. The current eleven are overly detailed for purposes of conflicts analysis, in our view.

2. Shorten certain reporting time-periods.

a) Reduce the covered reporting period for disclosing outside positions held.

At present, the financial disclosure statute requires that positions held outside the U.S. Government be reported if held during the current year or the preceding two calendar years. We propose reducing that coverage period to the current year or the preceding one calendar year. First, this will bring uniformity and significantly reduce confusion for filers, reviewers, and the public, as virtually all other required financial disclosure data concern the current year and the preceding one calendar year. Second, the standards of ethical conduct for executive branch employees focus on appearances of impartiality primarily during the one-year period after leaving an outside position (5 C.F.R. § 2635.502). In the usual situation, there is no conflict of interest or suitability justification requiring public disclosure of outside positions held prior to that time.

b) Reduce the covered reporting period for disclosing clients and other sources of individual compensation involving personal services.

For reasons similar to those stated in the preceding paragraph, we believe that the reporting period for disclosing certain clients and other sources of individual compensation involving personal services should encompass only the current year and the preceding one calendar year, rather than the presently required current and preceding two calendar years.

3. Limit the scope of reporting by raising certain dollar-thresholds.

a) Do not require disclosure of any income amounts (whether earned or from investments) at or below \$500.

The current threshold for reporting earned and investment income was fixed at \$200 in 1989 (except for a spouse's earned income, where the threshold is \$1000).⁷ That is even lower than the current threshold for gift disclosure. We recommend raising the threshold to \$500. This change should significantly reduce the burden on filers of examining their finances for small investment earnings, small payments for services, and other relatively insignificant financial dealings.

⁷For ease of reporting, we recommend that a single threshold be applied to both the filer and spouse (at the amount proposed herein).

b) Do not require disclosure of deposit accounts with a financial institution and Government securities, when valued at or below \$100,000.

Deposit accounts in financial institutions that are valued at or below the FDIC-insured \$100,000 amount raise virtually no conflicts concerns for any employees. At this level, the purpose of reporting deposit accounts is primarily to provide the public with a sense of the individual's financial situation and lack of conflicts, not because they present any conflicts issues.

Government securities create conflicts for only a few executive branch officials, who are generally prohibited from holding them at all. Further, Government securities are designated as "permitted properties" for reinvestment when employees avail themselves of the capital gains tax deferral opportunity (by seeking a Certificate of Divestiture) in conjunction with the sale of assets when required for conflicts purposes (5 C.F.R. § 2634.1001 et seq.). Accordingly, we recommend that such investments be reported only if valued over \$100,000, and even then, primarily to provide the public with a sense of the individual's financial situation and lack of conflicts, not because they present any conflicts issues.

c) Do not require disclosure of liabilities valued at or below \$20,000.

Since 1978, a liability must be disclosed if its value exceeds \$10,000, a figure established in 1978. In today's dollars, that amount would be \$27,436. We propose \$20,000 as an adequate threshold for conflicts analysis, which also will effectively eliminate the unnecessary reporting of most consumer and credit card debt. As discussed earlier, liabilities would be reported in three categories, with the uppermost being "over \$1,000,000."

d) Redefine reportable clients and other sources of individual compensation involving personal services, by limiting to persons or entities for whom the filer has provided services worth more than \$25,000.

The current \$5,000 threshold was set by statute in 1978. In today's dollars that is \$13,718. We believe that amount is still somewhat low as a measure of identifying major clients that must be publicly reported. Therefore, we propose a \$25,000 threshold. We would make it clear that public reporting of the name of a client where the client had a reasonable expectation of confidentiality would not be required.

Disclosure of these major clients and sources of earned income for personal services provides helpful information in applying executive branch ethics rules on impartiality, where official participation in matters may be perceived as improper. Raising the threshold to \$25,000 provides a clearer focus on the most significant clients and sources.

4. Reduce descriptive details that are unnecessary for conflicts analysis.

- a) Eliminate the current requirement to identify income as “interest,” “dividends,” “rents and royalties,” “capital gains” or “other,” and substitute three basic types: “investment income,” “earned income” and “honoraria.”**

For an initial conflicts analysis, a reviewing ethics official only needs to know whether the type of income is investment or earned. The more detailed characterization of income types serves little purpose.

With regard to earned income, it is the income source that serves a vital conflicts purpose, not the details as to specific type, such as salary, fees, commissions, or wages. The simple characterization as “earned income” is sufficient for most conflicts review purposes.

In contrast to earned income, the reporting of investment income has limited value, as it rarely provides any insights regarding current conflicts that are not already apparent from other data on the report. Nonetheless, we recommend retaining the basic reporting requirement for investment income, because it can provide information about assets that were sold between reporting periods, raise questions about unusual amounts of income generated from a particular asset, and give some sense of the major sources of income for the reporting official. Characterization as “investment income” is, however, a sufficient description of the income type.

- b) Eliminate any requirement to report exact amounts of income, except for honoraria.**

With one exception, we perceive no compelling reason to require public reporting of exact amounts for any income, particularly for nominees. The actual amount of income received from either an investment or from employment is of limited utility in a conflicts analysis. This is particularly so for investment income, as noted above.

For earned income, the one exception to eliminating disclosure of exact amounts is honoraria received during Government service, because of the sensitive nature of those payments. While exact amounts of honoraria are not necessary for conflicts purposes, we believe this to be an area where the public interest is paramount. On its face, honoraria may suggest subjectively determined large payments for brief appearances and speeches, sometimes involving unusual travel opportunities. Given that appearance, requiring the exact amount of honoraria payments received during Government service remains appropriate. We recommend, therefore, that all income except such honoraria be reported by categories of amount, rather than exact amounts. (See our separate recommendation, discussed above, for reducing the existing eleven categories of amount, which are currently used for most reportable investment income, to four.)

The requirement to publicly disclose the exact amount of earned income is not necessary, and eliminating it (except for certain honoraria) will ease the burden on a large percentage of the more

than 20,000 annual filers in the executive branch for whom no potential issues will arise concerning earned income. Nonetheless, many non-career employees, for example, are restricted by statute⁸ and executive order as to the amount of annual outside earned income they may receive during their appointments. Additional information beyond categories of amount may be necessary in those instances, so that ethics officials can identify potential income limitation problems and counsel the employee, or highlight the issue for a nominee. The ethics official can, in those limited cases, ask the filer for additional information.

c) Eliminate reporting of dates and amounts for transactions involving the purchase, sale or exchange of real property, stocks, bonds, commodity futures or other securities.

In our outreach to ethics officials on this topic, almost all agreed that information regarding the value of an asset transaction (purchase, sale or exchange) or the date on which it occurred is not necessary for conflicts analysis and is rarely, if ever, used. Reporting the asset's mere existence in connection with a transaction during the reporting period provides sufficient information to conduct almost all conflicts analyses. As previously noted, if there is any reason that an ethics official might need more information to resolve a potential conflict, the filer can be asked to provide it.

d) Eliminate the requirement to provide an itinerary in connection with the reporting of travel reimbursements.

The current requirement to provide an itinerary when reporting travel reimbursements is generally not useful to an ethics official; it is the source and value of that travel reimbursement that is significant for conflicts analysis, not the details of the travel arrangements.

e) Eliminate the reporting of dates for agreements and arrangements involving future employment, leaves of absence, or continuation of employee benefits (except for the date of a formal agreement for future employment).

We believe that the current requirement for dates, other than those involving formal agreements for future employment, are unnecessary for most conflicts analyses. The rare situation where a date might be needed should not dictate the rule, especially when that information can be sought by an ethics reviewer from the filer on an individual basis, if in a given case it is deemed necessary.

⁸See 5 U.S.C. App. § 501(a). The triggering amount is currently \$21,765, which changes as the executive level pay scale is adjusted.

5. Eliminate redundant reporting.

- a) Eliminate the requirement to report separate sources of individual compensation involving personal services, if already reported elsewhere on the financial disclosure report as a source of earned income.**

Information about employers or business firms of the nominee during the current or preceding calendar year will have already been reported elsewhere on the financial disclosure report, both as a source of earned income and as a position held. There is no reason to require filers to separately report those sources again. This section of the financial disclosure report should be reserved for a listing of major clients. That information will not ordinarily appear elsewhere on the report. (As indicated above, we are also recommending that the threshold value be raised from the current \$5,000 to \$25,000).

- b) Eliminate the requirement to report separate transactions involving the purchase, sale or exchange of real property, stocks, bonds, commodity futures or other securities, if already disclosed elsewhere on the financial disclosure report.**

We believe that the purchase, sale or exchange of real property, stocks, bonds, commodity futures and other securities need not be separately reported if the asset that was the subject of the transaction is already listed as a current asset or income source elsewhere on the financial disclosure report. Only those assets not already disclosed on the report because they were disposed of during the reporting period need to be reported.

Part II. Eliminating the Duplication of Required Financial Information.

The Senate Governmental Affairs Committee stated in its report on the Transition Act that a system of duplicative requests for financial information from potential Presidential appointees has developed. There are at least four forms or questionnaires requiring information that must be filed by each potential nominee. These are the White House Personal Data Statement (PDS), the Questionnaire for National Security Positions (SF 86) with supplemental questions, the SF 278, and a separate background questionnaire required by the appropriate Senate committee. The requested financial information has often overlapped. Not surprisingly, given the different objectives of the entities seeking information, the information sought has been inconsistent in the details required, time frames and family or household members covered, and reporting thresholds. This part of the report discusses the overlap and inconsistency among the several forms requiring financial information that must be filed by each potential nominee.

OGE reviewed and compared the financial information required by each Senate committee questionnaire in use at the end of the 106th Congress, the SF 86 with the current supplemental questions, and the SF 278.⁹ We charted the financial information required by each questionnaire and form in a manner that would allow for comparisons. We include as Appendix D samples of these charts for the SF 278, the SF 86 with supplemental questions, and the questionnaire for the Senate Governmental Affairs Committee. We identified extensive overlap and inconsistency among the forms. For example, the information requested by all for just one subject -- sources of earned income -- varied by time frames covered (ranging from “since last Federal tax return” to “since age 21”) and by reporting thresholds established (ranging from “any compensation” to amounts “over \$1,000”). The forms and questionnaire also varied as to whose information (spouse, children and/or members of the nominee’s household) was covered by the request.

The following chart shows these variations for earned income only and for information from the nominee only (no family or household member’s information):

⁹The White House has recently made interim revisions of the PDS taking into account other information nominees are required to provide. Because a new Congress was also seated during the middle of our study, it is possible that each Senate confirming committee of the 107th Congress may have changed its questionnaire. Therefore, we have treated the Senate questionnaires as historical documents to be used for illustrative purposes.

**Overlap and Inconsistency in Time Frame
and Reporting Threshold Requirements
for Sources of Earned Income**

Forms/Questionnaires	Time Frame and Reporting Threshold Requirements
SF 278	For current and previous CY sources and actual amount of income over \$200
SF 86	No information regarding amounts of earned income although names of positions held and past employers are requested
<u>Senate Committees</u> <u>106th Congress:</u>	
Agriculture	For current and preceding CY, sources and amount of \$200 or more.
Armed Services	For past 10 years, details of any compensation from foreign government or foreign government-controlled entity.
Banking	For past 3 years, sources and amounts over \$500 or more or all schedules from taxes for these years itemizing each source.
Commerce	For past 3 years, sources and amounts over \$250.
Energy	For past 10 years, details of any compensation from foreign government or foreign government-controlled entity.
Environment	None.
Finance	Since last Federal tax return, sources and amounts over \$1000.
Foreign Relations	For past 5 years, an explanation of any compensation from foreign government or interest.
Governmental Affairs	For past 3 years, sources and amounts over \$100.
Health, Ed, & Labor	For past 3 years sources and amounts over \$500 or copies of U.S. income tax returns for these years.
Indian Affairs	None.
Judiciary	For current and preceding CY, sources and amounts over \$500 or more or a copy of the SF 278.
Rules	None.
Intelligence	For past 10 years, details of any compensation from foreign government or foreign government-controlled entity and for the past 5 years, sources and amounts over \$200 or copies of income taxes for these years.
Small Business	For past 5 years, sources and amounts of all earned income (no threshold) or copies of income tax returns for these years.
Veterans Affairs	For past 3 years, sources and amounts over \$500.

There may be historical reasons for such variation and overlap in the financial questions and in the forms themselves. For example, many of the financial questions on the committee questionnaires may have been included initially when committees were evaluating financial conflicts of interest without the input from OGE's review of the nominee's SF 278. However, we suggest that the wide variations in amounts of earned income, as reflected on this chart, (i.e., "all sources," "sources over \$100," "sources over \$200," "sources over \$250," "sources over \$500," or "sources over \$1000) could be resolved by establishing a single threshold amount without sacrificing the original purposes for gathering this information.

We recognize that it is certainly within the prerogative and the responsibility of a confirming committee to ask for whatever information it believes is necessary to fulfill its role in the nomination and confirmation process. Nevertheless, to the extent that some of the financial information currently being requested is already provided on the public financial disclosure report, we believe that it might be advantageous for the confirming committees to review their current practices with an eye toward harmonizing these various systems. While having one set of questions on a single form may not meet divergent needs and objectives for gathering information, discussions involving the Senate, the White House and this Office could result in significant streamlining of the reporting requirements for nominees. The White House has indicated to OGE its interest in participating in such discussions, and we encourage the Senate Governmental Affairs Committee and the Senate leadership to engage the participation of the confirming committees, as well.

With regard to the financial questions on these forms, it may be that the Senate confirming committees will determine that the financial information that is required to be reported publicly by the Ethics in Government Act is sufficient to meet their individual needs for financial information on nominees including a net worth statement. Alternatively, if a separate document from the nominee addressing financial information is needed, we hope that any such requests follow the requirements of the public reporting system so that the same information can be imported from one document to another.

With regard to the financial information requested on the SF 86, we must defer to those who are responsible for conducting background investigations as to the information that is needed to decide suitability questions and who may have access to sensitive national security information. We have noted, however, that one series of questions on the SF 86 may need reevaluation in light of current investment vehicles. For example, one of the questions on the SF 86 asks whether the individual has any "foreign property, business connections or financial interests?" If the answer is affirmative, then the individual must describe further details of the financial interest. This question appears to be over-broad to the extent that it could be interpreted to require the listing of any mutual fund that holds a foreign property or interest. A complete listing of such interests would not only require a burdensome search but also might obscure the information that is intended to be gleaned

from the answer. We understand that OPM is reviewing the SF 86 and we have offered to work with them during this review.¹⁰

¹⁰A recent practical aid to nominees in providing this information is that both standard forms, the SF 278 and SF 86, can now be completed electronically. In addition the Government Paperwork Elimination Act requires OGE to have electronic filing of the SF 278 in place by October 2003. At the present time, OGE is gathering and evaluating information on available Web-based technology, including the use of digital signature technology, that would allow potential nominees to electronically enter, update, sign, and transmit their public financial disclosure (SF 278) information over a secure Internet connection to OGE for review and approval. This is similar to a system which we understand is currently under development by the Office of Personnel Management's Investigations Service (OPM-IS) to facilitate the collection and processing of detailed personal information on the standardized form SF 86. Data transmitted to OPM would reside in a central database, with access provided to the applicant, the Government agency, or investigative service provider as defined by role-based access privileges.

Part III. Other Statutory Considerations.

This part of the report addresses possible amendments to existing law that would result in substantial benefits for the executive branch ethics program. One immediate area for legislative action would be an expansion of the existing tax code provision that deals with gain resulting from the divestiture of an asset by an executive branch employee for conflict of interest purposes. This reform would not only improve the appointments process but also would benefit the executive branch ethics program as a whole. It also contains our response to calls for various changes to the criminal conflict of interest statutes.

A. Expansion of Certificates of Divestiture Program

Currently, OGE is authorized by 26 U.S.C. § 1043 to issue “Certificates of Divestiture” to any executive branch employee (other than a special Government employee) if it determines that the divestiture of specific property is reasonably necessary to comply with conflict of interest statutes or regulations, or if requested by a congressional committee as a condition of confirmation. These certificates allow an employee who sells property to defer any capital gain realized as a result of the sale if non-conflicting property is purchased with the proceeds. The basis of the new property is adjusted so that when it is sold, any tax on capital gains will be due at that time. This authority was given to OGE under the Ethics Reform Act of 1989.

Arrangements for compensation in the private sector have changed significantly since 1989. The vast majority of Presidential nominees are selected from the private sector. Often these nominees hold stock options which they have received in lieu of other forms of compensation during their private sector employment and which they must, for conflicts reasons, divest when they enter Government service. Generally, these options must be held for at least one year or their sale results in being taxed at the ordinary income rate rather than a lower capital gain rate. OGE is currently discussing with the Department of the Treasury possible expansion of OGE’s Certificate of Divestiture authority to address this substantial cost of entering Government service.

B. Revision of the Criminal Conflict of Interest Statutes

The Office has an ongoing responsibility to assist the Department of Justice in evaluating the effectiveness of the conflict of interest laws and to recommend appropriate amendments. (5 U.S.C. App. § 402(b)(1)). A number of the outside studies we read suggested that the criminal conflict of interest statutes be revised or decriminalized.¹¹ OGE agrees that the conflicts laws may be complex. Nevertheless, they provide essential safeguards for the integrity of Government operations and

¹¹These statutes cover officers and employees of all three branches and address representations of private parties before the Government; participating in Government matters affecting one’s own financial interest; supplementation of Government salary by outside parties; and post employment.

programs. It may be that these laws, however, can be simplified without sacrificing the protection that they provide for a fair and impartial Government process. The revision of these laws is no easy task and we are not prepared to make detailed recommendations for changes at this time. We have already been in contact with the Department of Justice to begin exploring revisions of the conflict laws.

Conclusion.

There are number of steps that can be taken now to move forward in addressing many of the issues discussed in this report. Some of those steps can be taken by OGE alone, but most require the participation of, or actions by, others. To summarize, OGE will --

- draft language that would amend the Ethics in Government Act to streamline the reporting requirements for the executive branch in the manner described by Part I of this report;

- continue to serve as a resource to the White House in its review of the PDS;

- work with OPM on its review of the SF 86;

- continue to work with the Department of Justice regarding the issue of the assets a legal trustee must report on a financial disclosure form;

- work with the Department of Justice in any review of criminal conflict statutes; and

- continue working with the Department of Treasury on expanding legislatively OGE's Certificate of Divestiture authority.

In reaching out to Senate confirming committees, OGE will --

- approach each confirming committee with the comparison charts that we have created and offer to serve as a resource to the committee in its review of its questionnaire; and

- approach each Senate committee which, as a practice, requires nominees to part time boards, commissions and committees to complete an SF 278 to seek their acceptance of an OGE Form 450.

OGE is optimistic that through these collective efforts, improvements can be made to the nomination and confirmation process that will reduce burdens to public service without lessening the public trust goals that were the original purpose behind the Ethics in Government Act.

Appendix A

Outreach

OGE's goal was to ensure that a broad range of views were heard and significant input received regarding the issues in this report. In preparing this report, OGE conducted:

Outreach to the following organizations:

American Enterprise Institute
American Society for Public Administration
The Brookings Institution
The Center for the Study of the Presidency
The Council for Excellence in Government
The Heritage Foundation
National Academy of Public Administration
White House 2001 Project

Meetings with:

Department of the Treasury
Federal Bureau of Investigation
National Academy of Sciences
Office of the Presidential Transition, 2001
Representatives of the Executive Branch Departments and major agencies
Senate Governmental Affairs Committee, Majority and Minority Staff
White House Staff, Bush Administration
White House Staff, Clinton Administration

Additional Outreach:

Federal Register, Volume 65, Number 251, Friday, December 29, 2000 - Asking for comments on study.

January 4, 2001 letter to all executive branch ethics officials seeking input and recommendations for the Presidential Transition Act report.

Appendix B

Non-Governmental Organizations Studies Reviewed

- American Bar Association Committee on Governmental Standards. "Keeping Faith: Government Ethics & Government Ethics Regulations." Administrative Law Review, Volume 45, No. 3, Summer 1993.
- Council for Excellence in Government and The Presidential Appointee Initiative. A Survivor's Guide for Presidential Nominees. The Presidential Appointee Initiative, a Project of the Brookings Institution funded by the Pew Charitable Trusts. Washington, DC: November 2000.
- Donilon, Thomas and Norman Ornstein. "The Confirmation Clog." Foreign Affairs, November/December 2000.
- Hess, Stephen. First Impressions: Presidents, Appointments, and the Transition. The Presidential Appointee Initiative, a Project of the Brookings Institution funded by The Pew Charitable Trusts. Washington, DC: September 2000.
- Light, Paul C. and Virginia L. Thomas. The Merit and Reputation of an Administration: Presidential Appointees on the Appointments Process. The Brookings Institution and The Heritage Foundation funded by the Pew Charitable Trusts. Washington, DC: April 2000.
- Light, Paul C. and Virginia L. Thomas. Posts of Honor: How America's Corporate and Civic Leaders View Presidential Appointments. The Presidential Appointee Initiative, a Project of The Brookings Institution funded by The Pew Charitable Trusts. Washington, DC: January 2001.
- National Academy of Public Administration. The Presidential Appointee's Handbook. Second Edition. National Academy of Public Administration. Washington, DC: 1988.
- National Academy of Science, National Academy of Engineering, and Institute of Medicine. Science and Technology in the National Interest: The Presidential Appointment Process. Washington, DC: National Academy Press, 2000.
- The Presidential Appointee Initiative. Staffing a New Administration: A Guide to Personnel Appointments in a Presidential Transition. The nonpartisan Presidential Appointee Initiative, a Project of the Brookings Institution funded by The Pew Charitable Trusts. Washington, DC: November 2000.
- President's Commission on the Federal Appointment Process. The Report of the President's Commission on the Federal Appointment Process. Washington, DC: December 1990.

Transition to Governing Project. The Lengthening Appointment Process and Proposals for Reform. American Enterprise Institute in conjunction with the Brookings Institution and the Hoover Institution, funded by The Pew Charitable Trusts.

Transition to Governing Project. “Presidential Transitions: ‘What We Did’ The 1980 and 1988 Transitions, Panel 1.” American Enterprise Institute in conjunction with Brookings Institution and the Hoover Institution, funded by the Pew Charitable Trusts. October 30, 2000.

Trattner, John H. “Presidential Appointments.” The 1997 Prune Book: Making the Right Appointments to Manage Washington's Toughest Jobs. Council for Excellence in Government. Washington, DC: 1997.

Trattner, John H. The 2000 Prune Book: How to Succeed in Washington’s Top Jobs. Council for Excellence in Government. Washington, DC: Brookings Institution Press, 2000.

Appendix C

Current SF 278 and “Revised Model”

The current SF 278 and the “revised model.”

SCHEDULE A

Page Number

Assets and Income		Valuation of Assets at close of reporting period											Income: type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item.																			
BLOCK A		BLOCK B											BLOCK C																			
For you, your spouse, and dependent children, report each asset held for investment or the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period, or which generated more than \$200 in income during the reporting period, together with such income. For yourself, also report the source and actual amount of earned income exceeding \$200 (other than from the U.S. Government). For your spouse, report the source but not the amount of earned income of more than \$1,000 (except report the actual amount of any honoraria over \$200 of your spouse). None <input type="checkbox"/>												Type			Amount							Date (Mo., Day, Yr.)										
												Dividends	Rent and Royalties	Interest	Capital Gains	None (or less than \$201)	\$201 - \$1,000	\$1,001 - \$2,500	\$2,501 - \$5,000	\$5,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$1,000,000	Over \$1,000,000*	\$1,000,001 - \$5,000,000	Over \$5,000,000	Other Income (Specify Type & Actual Amount)	Only if Honoraria				
Examples	Central Airlines Common											x						x														
	Doe Jones & Smith, Hometown, State													x															Law Partnership Income \$130,000			
	Kempstone Equity Fund														x																	
	IRA: Heartland 500 Index Fund																			x												
1																																
2																																
3																																
4																																
5																																
6																																

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

Do not complete Schedule B if you are a new entrant, nominee, or Vice Presidential or Presidential Candidate

Reporting Individual's Name	SCHEDULE B	Page Number
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Part I: Transactions

Report any purchase, sale, or exchange by you, your spouse, or dependent children during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded \$1,000. Include transactions that resulted in a loss.

Do not report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

None

	Identification of Assets		Transaction Type (x)			Date (Mo., Day, Yr.)	Amount of Transaction (x)											
	Example		Purchase	Sale	Exchange		\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000*	\$1,000,001 - \$5,000,000	\$5,000,001 - \$25,000,000	\$25,000,001 - \$50,000,000	Over \$50,000,000	Certificate of divestiture
1		Central Airlines Common	x			2/1/99			x									
2																		
3																		
4																		
5																		

*This category applies only if the underlying asset is solely that of the filer's spouse or dependent children. If the underlying asset is either held by the filer or jointly held by the filer with the spouse or dependent children, use the other higher categories of value, as appropriate.

Part II: Gifts, Reimbursements, and Travel Expenses

For you, your spouse and dependent children, report the source, a brief description, and the value of: (1) gifts (such as tangible items, transportation, lodging, food, or entertainment) received from one source totaling more than \$260, and (2) travel-related cash reimbursements received from one source totaling more than \$260. For conflicts analysis, it is helpful to indicate a basis for receipt, such as personal friend, agency approval under 5 U.S.C. § 4111 or other statutory authority, etc. For travel-related gifts and reimbursements, include travel itinerary, dates, and the nature of expenses provided. **Exclude** anything given to you by

the U.S. Government; given to your agency in connection with official travel; received from relatives; received by your spouse or dependent child totally independent of their relationship to you; or provided as personal hospitality at the donor's residence. Also, for purposes of aggregating gifts to determine the total value from one source, exclude items worth \$104 or less. See instructions for other exclusions.

None

	Source (Name and Address)		Brief Description	Value
	Examples	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/99 (personal activity unrelated to duty)	\$500
		Frank Jones, San Francisco, CA	Leather briefcase (personal friend)	\$300
1				
2				
3				
4				
5				

SCHEDULE C

Page Number

Part I: Liabilities

Report liabilities over \$10,000 owed to any one creditor at **any time** during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. **Exclude**

a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None

Creditors (Name and Address)		Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (x)											
						\$10,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000*	\$1,000,001 - \$5,000,000	\$5,000,001 - \$25,000,000	\$25,000,001 - \$50,000,000	Over \$50,000,000	
Examples	First District Bank, Washington, DC	Mortgage on rental property, Delaware	1991	8%	25 yrs.			x									
	John Jones, 123 JSt., Washington, DC	Promissory note	1999	10%	on demand					x							
1																	
2																	
3																	
4																	
5																	

*This category applies only if the liability is solely that of the filer's spouse or dependent children. If the liability is that of the filer or a joint liability of the filer with the spouse or dependent children, mark the other higher categories, as appropriate.

Part II: Agreements or Arrangements

Report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves

of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None

Status and Terms of any Agreement or Arrangement		Parties	Date
Example	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1/00.	Doe Jones & Smith, Hometown, State	7/85
1			
2			
3			
4			
5			
6			

Reporting Individual's Name	SCHEDULE D	Page Number
-----------------------------	-------------------	-------------

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. **Exclude** positions with religious, social, fraternal, or political entities and those solely of an honorary nature. None

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples	Nat'l Assn. of Rock Collectors, NY, NY ----- Doe Jones & Smith, Hometown, State	Non-profit education ----- Law firm	President ----- Partner	6/92 ----- 7/85	Present ----- 1/00
1					
2					
3					
4					
5					
6					

Part II: Compensation in Excess of \$5,000 Paid by One Source

Report sources of more than \$5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than \$5,000. You need not report the U.S. Government as a source. None

Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate.

	Source (Name and Address)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, State ----- Metro University (client of Doe Jones & Smith), Moneytown, State	Legalservices ----- Legal services in connection with university construction
1		
2		
3		
4		
5		
6		

Reporting Individual’s Name		Schedule A									Page Number			
Assets and Income		Asset Value at close of reporting period			Type			Amount of Income			If Honoraria, exact amount, and date (mo/yr)			
For you, your spouse, and dependent children, report each asset held for investment or the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period, or which generated more than \$500 in income during the reporting period. For yourself, and your spouse, also report the source of earned income exceeding \$500 (other than from the U.S. Government). For honoraria earned prior to Government service report source as earned income -- do not report exact amount. For honoraria earned during Government service, report source, exact amount, and date. None <input type="checkbox"/>		\$1,001-\$15,000	\$15,001 - \$100,000	over \$100,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Investment Income	Earned Income	Honoraria		\$501 - \$20,000	\$20,001 - \$100,000	over \$100,000
1														
2														
3														
4														
5														

Part I: Transactions
 Report any real property, stocks, bonds, commodity futures, or other securities not already listed on Schedule A, which were valued at over \$1000 at any time during the reporting period but which you no longer hold.

None

Do not complete if you are a nominee or a new entrant.

1	
2	
3	
4	
5	

*

Part II: Gifts, Reimbursements, and Travel Expenses
 For you, and your spouse, and dependent children, report the source, a brief description, and the value of: (1) gifts (such as tangible items, transportation, lodging, food, or entertainment) received from one source totaling more than \$260, and (2) travel-related cash reimbursements received from one source totaling more than \$260. For conflicts analysis, it is helpful to indicate a basis for receipt, such as a personal friend, agency approval under 5 U.S.C. § 4111 or other statutory authority, etc. **Exclude** anything given to you by the U.S. Government; given to your agency in connection with official travel; received from relatives; received by your spouse or dependent child totally independent of their relationship to you; or provided as personal hospitality at the donor's residence. Also, for purposes of aggregating gifts to determine the total value from one source, exclude items worth \$104 or less. See instructions for other exclusions.

None

	Source (Name and Address)	Brief Description	Estimated Value
1			
2			
3			
4			
5			

Part I: Liabilities

None

Report Liabilities over \$20,000 owed to any one creditor at **any time** during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. **Exclude** a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliance; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

	Creditor's Name	Type of Liability	Date Incurred	Interest Rate	\$20,001 - \$100,000	\$100,001 - \$1,000,000	Over \$1,000,000
1							
2							
3							
4							
5							

Part II: Agreements or Arrangements

None

Report your agreements or arrangements for (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

	Status and Terms of any Agreement or Arrangement	Parties
1		
2		
3		
4		
5		
6		

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization of educational institution. **Exclude** positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
1					
2					
3					
4					
5					
6					

Part II: Compensation in Excess of \$25,000 Paid by one Source

Report sources of more than \$25,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than \$25,000. You need not report the U.S. Government as a source.

Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate.

None

	Source (Name and Address)	Brief Description of Duties
1		
2		
3		
4		
5		
6		

Appendix D

Comparison Charts

Samples of the comparison charts for the SF 278, the SF 86 with supplemental questions, and the questionnaire for the Senate Governmental Affairs Committee.

	Assets	Investment Income	Earned Income	Other Non-Investment Income	Honoraria
SF - 278	! Each asset held for investment or production of income, currently valued >\$1,000, for nominee, S, and DC, with description and category of value (10 value ranges for nominee, 7 for S and DC)	! For current and preceding CY, > \$200, for nominee, S, and DC, with source, type, and amount (9 value ranges for nominee, 8 for S and DC)	! For current and preceding CY, > \$200 for nominee, with source and actual amount; for S, >\$1,000, with source only; for DC/D, nothing	! For current and preceding CY, > \$200 for nominee, with source and actual amount; for S, >\$1,000, with source only; for DC/D, nothing	! For current and preceding CY, > \$200, for nominee and S, with source, date, and actual amount; for DC/D, nothing
SF- 86	! Any foreign property or financial interests, with dates, name of firm or government, and explanation				

Notes: 1. All data is for filer (nominee) only, unless otherwise indicated.
2. S=spouse; DC=dependent children; D=dependents

Page 2	Liabilities	Agreements/ Arrangements with Employers	Outside Positions and Employment (excluding political)	Bankruptcy	Financial Judgments
SF - 278	! Liabilities owed to any one creditor if > \$10,000 at any time during current or preceding CY (for revolving charge accounts, only if currently > \$10,000), for nominee, S and DC, with name and address of creditor, type of liability, date incurred, interest rate, term, and category of value (10 value ranges for nominee, 7 for S and DC)	! For nominee, continuing participation in employee benefit plans, continued payments from former employer, leaves of absence, and future employment agreements, with status, terms, parties, and date (current at the time of filing)	! For nominee, any positions with outside entities during current or preceding 2 CYs, with name, address, and description of organization, position held, and dates (includes officer, director, trustee, partner, proprietor, representative, employee, consultant)		
SF- 86	! Any debts delinquent over 180 days in last 7 years and any debts delinquent over 90 days currently, with amount, type, name and address of creditor, date incurred and satisfied		! All employment (including full and part time, military, self, other paid work, and unemployment) for last 10 years (and all Federal civilian service at any time), with name and address of employer or verifying person and supervisor, dates, position held, type code (9 choices), and for military include service branch/duty stations ! Foreign employment or consultancy at any time, with dates, name of firm or government, and explanation ! Separately list all military or merchant marine service, with branch code (7 choices) dates, service number, officer or enlisted status, active status, state if National Guard, country if not US, and date/type of discharge if not honorable ! Indicate whether ever served as officer in an organization dedicated to violent overthrow of US	! For last 7 years, petitions under any chapter of bankruptcy code	! For last 7 years, wages garnished, property repossessed, liens against property, or unpaid judgments

Page 3	Net Worth Statement	Tax Returns	Trusts	Gifts	Powers of Attorney
SF - 278			! Identify any "excepted" trusts or "qualified" trusts with asset value >\$1,000 or investment income >\$200, for nominee, S, and DC		
SF- 86					

Page 4	Business Relationships/Financial Transactions	Clients	Miscellaneous
SF - 278		! Names/addresses of clients and customers, with description of services rendered, for compensation >\$5,000 from any single source to nominee or business affiliate, for nominee's personal services during current CY or either of 2 preceding CYs	
SF- 86	! Any foreign business connections, with dates, name of firm or government, and explanation		

	Assets	Investment Income	Earned Income	Other Non-Investment Income	Honoraria
SF-86 Supplemental Information*	! All interests in real property (other than personal residence), with nature of interest, type of property, address				

* See SF-86 summary for the required basic information on that form.

Page 2	Liabilities	Agreements/Arrangements with Employers	Outside Positions and Employment (excluding political)	Bankruptcy	Financial Judgments
SF-86 Supplemental Information	<p>! State whether college financial aid obligations have been satisfied</p> <p>! Required SF-86 information on delinquent debts must cover past 15 years (but not before 18th birthday)</p>		<p>! Required SF-86 information on employment must cover past 15 years (but not before 18th birthday), and include complete addresses. For Government and large employers, indicate department, bureau, division, section. Include volunteer work and internships. Provide complete address and phone for persons verifying self/unemployment.</p> <p>! For military reserves and national guard, list organization, location, name and phone for immediate officer</p> <p>! For any office ever held in an organization that restricts membership (sex, race, color, religion, origin, age, handicap), provide name, address, and dates</p> <p>! All corporations, firms, partnerships, other business enterprises, nonprofits, other institutions where affiliated in past 5 years as officer, owner, director, trustee, or partner; and organizations with which affiliated prior to past 5 years that might present potential conflict or appearance thereof</p>	<p>! Required SF-86 bankruptcy information must cover past 15 years (but not before 18th birthday)</p>	<p>! Give full details of any collection procedure instituted by Federal, state or local authorities</p> <p>! For required SF-86 information on garnishment, repossessed property, liens, and unpaid judgments, cover past 15 years (but not before 18th birthday)</p>

Page 3	Net Worth Statement	Tax Returns	Trusts	Gifts	Powers of Attorney
<p data-bbox="180 802 327 889">SF-86 Supplemental Information</p>					

Page 4	Business Relationships/Financial Transactions	Clients	Miscellaneous
SF-86 Supplemental Information		! All corporations, firms, partnerships, business enterprises, nonprofits, other institutions where affiliated in past 5 years as advisor, attorney, or consultant; and organizations with which affiliated prior to past 5 years that might present potential conflict or appearance thereof (for an attorney's clients, only list major clients and those that might present potential conflict or appearance thereof)	

	Assets	Investment Income	Earned Income	Other Non-Investment Income	Honoraria
Questionnaire of Senate Committee on Governmental Affairs (106 th Congress)	<p>! Any investments which could involve potential conflicts of interest</p> <p>! As current net worth, identity and value of all assets >\$1,000, held directly or indirectly by nominee, S, or D</p> <p>! Identity and nature of any interests in an option, mineral lease, copyright, or patent held directly or indirectly during past 12 months by nominee, S, or D, with dates of any divestment</p> <p>! Sources, amounts, and dates for anticipated receipts of future benefits (deferred income, stock options, executory contracts, all others) from current or previous business relationships, for nominee, S, and D (including professional services, firm memberships, employers, clients, customers)</p>	<p>! Sources and amounts >\$100 received by nominee, S, or D during each of last 3 years</p>	<p>! Sources and amounts >\$100 received by nominee, S, or D during each of last 3 years</p>	<p>! Sources and amounts >\$100 received by nominee, S, or D during each of last 3 years</p>	<p>! Sources and amounts >\$100 received by nominee, S, or D during each of last 3 years</p>

Notes: 1. All data is for filer (nominee) only, unless otherwise indicated.
2. S=spouse; DC=dependent children; D=dependents

Page 2	Liabilities	Agreements/Arrangements with Employers	Outside Positions and Employment (excluding political)	Bankruptcy	Financial Judgments
<p>Questionnaire of Senate Committee on Governmental Affairs (106th Congress)</p>	<p>! Any liabilities which could involve potential conflicts of interest</p> <p>! As current net worth, identity of each liability owed (direct, indirect or by guarantee) >\$1,000, by nominee, S, or D, with nature, amount, creditor, terms; and all other direct or indirect liabilities >\$1,000 owed during last 12 months, for nominee, S, or D, with nature, amount, creditor, terms, collateral, current status</p>	<p>! Indicate whether will sever all connections with present employers, business firms, business associations or business organizations</p> <p>! Explain any plans, commitments or agreements for outside employment (with or without compensation) during Government service</p> <p>! Indicate any plans, commitments or agreements, after Government service, to resume employment or affiliation or practice with previous employer, business firm, association or organization</p> <p>! Indicate any commitment to nominee for employment in any capacity after Government service</p> <p>! Describe all financial arrangements, deferred compensation agreements, other continuing dealings with business associates, clients, customers</p>	<p>! All jobs since college, with title/job description, name of employer, location, and dates</p> <p>! All part-time service or positions with Government (Federal, state, or local), including advisory, consultative, honorary, or other</p> <p>! All positions with business enterprises, educational or other institutions (includes officer, director, trustee, partner, proprietor, agent, representative, or consultant)</p> <p>! All offices held in organizations (professional, business, fraternal, scholarly, civic, public, charitable, other)</p>		<p>! Indicate whether any tax liens (Federal, state, or local) have been filed against nominee, S, or D, or against property owned by them (including property owned jointly or in partnership)</p>

Page 3	Net Worth Statement	Tax Returns	Trusts	Gifts	Powers of Attorney
<p>Questionnaire of Senate Committee on Governmental Affairs (106th Congress)</p>	<p>! See assets and liabilities, above</p>	<p>! Copy of Federal income tax returns for past 3 years, for nominee, S, and D</p> <p>! Indicate whether all Federal income tax returns have been filed, for past 10 years, for nominee, S, and D</p> <p>! Indicate whether taxes have always been paid on time, for nominee, S, and D</p> <p>! Indicate whether Federal, state, and local taxes are current at nomination, for nominee, S, and D</p>	<p>! Terms of any beneficial and blind trusts for nominee, S, or D as beneficiary (with name of trustee and copy of agreement for blind trusts)</p> <p>! Provide copy of any trust agreements established to resolve potential conflict of interest</p>	<p>! Sources and amounts >\$100 received by nominee, S, or D during each of last 3 years</p>	<p>! Description of any fiduciary or power of attorney held by nominee, S, or D</p>

Page 4	Business Relationships/Financial Transactions	Clients	Miscellaneous
<p>Questionnaire of Senate Committee on Governmental Affairs (106th Congress)</p>	<p>! Describe any business relationship, dealing or financial transaction during last 10 years (for nominee, on behalf of a client, or acting as agent) that could constitute/result in possible conflict of interest</p> <p>! Identity, date, and amount of all direct or indirect investment transactions during last 12 months for nominee, S, and D</p>		<p>! Any relationships or obligations (other than liabilities and investments) which could involve potential conflicts of interest</p>