In Brief

GFOA PROGRAMS | GFOA COMMITTEES | FEDERAL UPDATE

GFOA PROGRAMS

A Spotlight on GFOA's Women's Public Finance Network Mentorship Program

BY GENEVIEVE CARTER

We all look for personal connection in our profession, more than ever in the year since the pandemic struck, as physical distance from coworkers and colleagues has made these connections even more valuable. GFOA's Women's Public Finance Network (WPFN) Mentorship Program has sought to foster these relationships, providing an opportunity for women in public finance to build and maintain a strong network of peers across the country. The program encourages seasoned professionals and those who are new to the field to share their experiences, seek career support and guidance, and discuss work/life balance.

Eighty mentors and mentees were matched and supported each other through a year of uncertainty and change, both personal and professional. One such pairing was mentor Margaret Moggia, executive manager of finance for the West Basin Municipal Water District in Carson, California, and mentee Cassandra Gunther, financial analyst for WaterOne in the City of Lenexa, Kansas.

Margaret and Cassandra immediately found common ground in their similar workplaces, and Cassandra felt that they got along right away.

"Margaret and I immediately clicked, sharing a positive outlook and enthusiasm for our profession," Cassandra shared. "It has been super helpful to explore ideas with Margaret because she has vast experience. From something as simple as finding the right phrasing for a discussion or dissecting more complex issues like career advancement, Margaret has shared excellent pointers on every topic."

Margaret also was eager to tell her career experience as a mentor. "Mentoring this past year has been truly rewarding," she said. "It has given an opportunity for our mentorship pairing to build a friendship while helping my mentee grow in confidence and build the tools and resources to help her navigate through a possible future promotion."

Beyond discussions of career advancement and professional development, Cassandra and Margaret were empowered in a multitude of ways.

Cassandra said, "Margaret has helped me think about different sides of many issues and provided bulleted lists of ways to improve my skillsets. Did we get to everything? No! But did I form a lasting friendship? Definitely!"

"I have also learned that we both can grow and rely upon each other," Margaret said. "I am grateful to WPFN for this opportunity to meet new individuals across states and time zones."

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GFOA COMMITTEES

Treasury and Investment Management Committee

BY GENEVIEVE CARTER

GFOA's Treasury and Investment Management (TIM) Committee focuses its efforts on the development of best practices, advisories, and resources related to cash management, banking relations, and investment practices of state and local governments. The committee most recently worked to develop additional resources related to reducing risk from fraud and how to establish better banking relationships.

Merchant Services. The Committee approved a new resource: Merchant Services Selection, which reflects the key tenets of GFOA's current Procurement of Financial Services best practice. Merchant Services Selection outlines the steps governments should consider when securing a merchant services provider and the types of questions governments should ask during this process. A related item is the Banking Services RFP Checklist, which governments should review when determining their overall banking services needs and developing an RFP, including merchant services. The committee is also expected to soon approve a longer piece on understanding the processes and decisions needed for accepting credit and debit cards as part of a government's receivables program.

Fraud Prevention. The committee also approved a comprehensive document related to fraud in the treasury office. The Fraud Prevention in the Treasury Office resource combines older and updated GFOA documents, putting them together in one location. Several fraud-related topics are covered, including general recommendations to prevent internal and external fraud at your government. Recommendations are primarily related to the importance of having adequate internal controls to prevent fraud and ensuring that there are systems in place to keep the same employee from receiving, depositing, and reconciling funds. For payables, the basis for many of the recommendations rests on the same foundation as receivables—making sure the government has set policies and procedures related to the authorization, execution, and reconciliation of payments. Fraud Prevention in the Treasury Office also recommends that governments use services such as positive pay for checks and ACH payments, know how many bank accounts exist at area banks, determine if all the accounts are needed, and have up-to-date security measures in place when sharing and receiving information with their financial institutions.

A separate resource on Preventing Vendor Fraud was developed as a companion piece to the general Fraud Prevention Resource. This best practice was updated to provide information that is referenced in the general payables and receivables best practices. Preventing Vendor Fraud focuses on controls needed when processing vendor information and invoices. The resource also discusses the importance of verifying changing vendor information and emphasizes that governments should make verified contact with vendors that have indicated they would like to change their banking or other information.

The banking industry and the U.S. Secret Service have noted that since the beginning of the COVID crisis, electronic and other types of fraud have increased substantially in the public sector. Governments should review these GFOA resources and determine what enhancements can be made to their own fraud prevention practices in the treasury office.

Looking Ahead. Over the next few months, the committee will complete its work on a larger merchant services resource that walks through the steps related to accepting credit and debit cards, and other emerging payment technologies. This resource will contain a robust section on understanding the types of fees that banks and credit card companies charge governments (vendors).

The committee will also gather examples of governments' RFPs and treasury policies to help GFOA members develop or update their own. A selection of helpful documents and resources will be available on GFOA's website at gfoa.org.

Developing resources related to payables and receivables functions are also on the committee's docket, along with an update on GFOA's (1999) Electronic Signatures Best Practice. Finally, the committee will work on creating investing resources to accompany GFOA's Best Practices on Developing and Maintaining an Investment Policy, Having an Investment Program, and Risk Management with Investing. These resources will provide information and considerations related to commonly used investment products in the public sector.

If you have any questions about TIM's work or ideas on the projects on the committee's work plan this year, please contact Gen Carter at gcarter@gfoa.org.

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Accounting, Auditing, and Financial Reporting Committee

BY TODD BUIKEMA

The Accounting, Auditing, and Financial Reporting Committee (AAFRC) met virtually on January 25 and 26, 2021. During the first day of meetings, AAFRC members received an update on GFOA's initiative to end the use of the acronym for the comprehensive annual financial report and discussed GFOA's support of the Governmental Accounting Standards Board (GASB)'s project to rename the report so that the acronym will naturally fall out of use.

Also during the first day, AAFRC members received updates from the GASB and the American Institute of Certified Public Accountants (AICPA) State and Local Government Expert Panel (SLGEP), and AICPA's CPA Evolution project. The GASB updated members on their current technical agenda projects, including the three due process documents on Financial Reporting Model Improvements, Revenue and Expense Recognition, and the Disclosure Framework, which were released in 2020.

The committee also learned about upcoming due process documents that are scheduled to be released later in 2021, GASB staff research activities, and that post-implementation reviews of previously issued standards are underway. The AICPA SLGEP informed committee members about auditing issues that impact state and local governments, including the difficulty of performing single audits in 2020 as a result of new federal programs and existing programs that received additional funding because of COVID-19.

The AICPA also provided the committee with an update on the new CPA Evolution project that is changing college accounting program content and the CPA Exam.

On the second day of the meeting, committee members discussed the most pressing accounting, auditing, and financial reporting issues facing the governments they serve. Some of the topics that members mentioned frequently included that their governments were dealing with remote work issues and federal funding for COVID-19.

The committee also reviewed and finalized its draft responses to three GASB due process documents, Financial Reporting Model Improvements, Revenue and Expense Recognition, and the 2021 Implementation Guidance Update.

It also reviewed its strategic plan; revisions will be discussed at the next meeting in spring 2021. As part of the strategic plan, the committee plans to review its best practices and advisories on a rotating schedule. Task forces will be formed to review a list of best practices and provide any recommended changes to the entire committee at the spring meeting. Task forces will also be formed to review GASB due process documents that are scheduled to be issued before the spring meeting.

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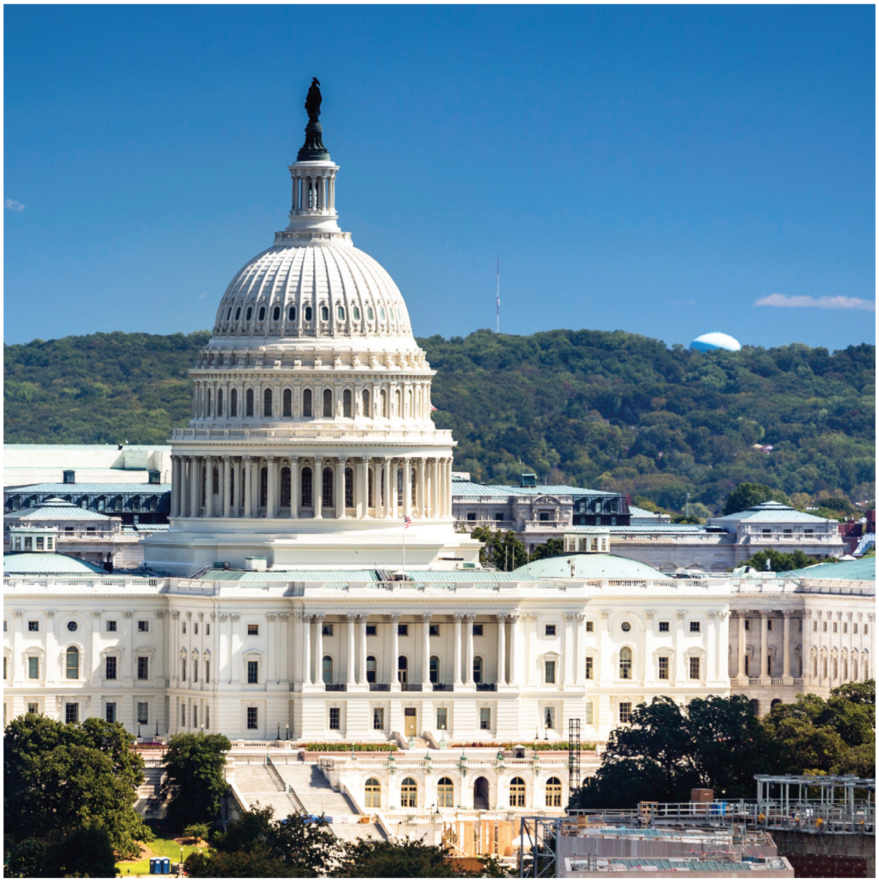


FEDERAL UPDATE

Reconciliation Will Play a Major Role this Year

BY MICHAEL THOMAS

In recent years, a procedure called reconciliation has become the tool of choice for passing legislation in a divided Congress. Its use has become synonymous with contested, partisan debate, and it is seen as a sort of legislative doomsday device that leaves political fallout in its wake. In practical terms, the use of reconciliation allows certain types of legislation to be passed in the House or Senate with fewer supporting votes than typically required. Both chambers are affected by reconciliation, but the process plays a more integral role in the Senate.

The 2020 elections gave Democrats an unexpected but slim majority in the Senate, unifying control over all three branches of government. But because control of Congress is held by the slimmest of margins, legislative achievements will not come easily. By examining reconciliation, we can set expectations for ourselves and better understand the news coming out of Capitol Hill.

An overview

Reconciliation is intended to expedite the Congressional budget process by prohibiting the use of the filibuster, allowing the approval of certain bills through a simple majority. Since reconciliation was first used in 1980, Congress has adopted oversight measures for the process. Amendments were enacted through the 1980s and 1990s, eventually laying today's framework.

Before drafts from both chambers of Congress can be finalized together, provisions considered in the Senate must survive the scrutiny of the "Byrd Rule." The rule provides a multiprong test for determining whether or not a provision can be deemed extraneous or disqualified from reconciliation. In general, for inclusion in a reconciliation bill, the legislation must relate to the federal budget through expenditures, revenues, or the debt limit. Additionally, eligible provisions cannot result in a deficit increase for fiscal years not covered by the reconciliation bill, which is typically 10 years from enactment.

This oversight is managed through "points of order" raised by members of the Senate over specific proposals under debate. Once raised, the Senate parliamentarian is called on to interpret the Byrd Rule and offer advice to the presiding officer over the provision's eligibility for inclusion. Once a point of order has been raised challenging a measure, the presiding officer of the Senate will make the final judgment, traditionally at the advice of the parliamentarian. A 60-vote supermajority is then required to overturn the decision. As president of the Senate, the vice president has the power to overrule advice from the parliamentarian, which could prove interesting for legislation under debate throughout the 117th Congress.

Reconciliation and the 117th Congress

There are multiple possible outcomes for legislation working through the reconciliation process. Democrats in the Senate may currently hold the reins, but to take advantage of their majority, they must cement support within their ranks before pursuing legislation with little or no support from Senate Republicans.

Legislative priorities. An understanding of reconciliation is helpful, but it leaves us with questions. How does the procedure impact advocacy for individual bill provisions? How do GFOA policy priorities fit in, and what is the timing behind future legislation? As discussed, policy matters addressed through reconciliation may face scrutiny in the Senate.

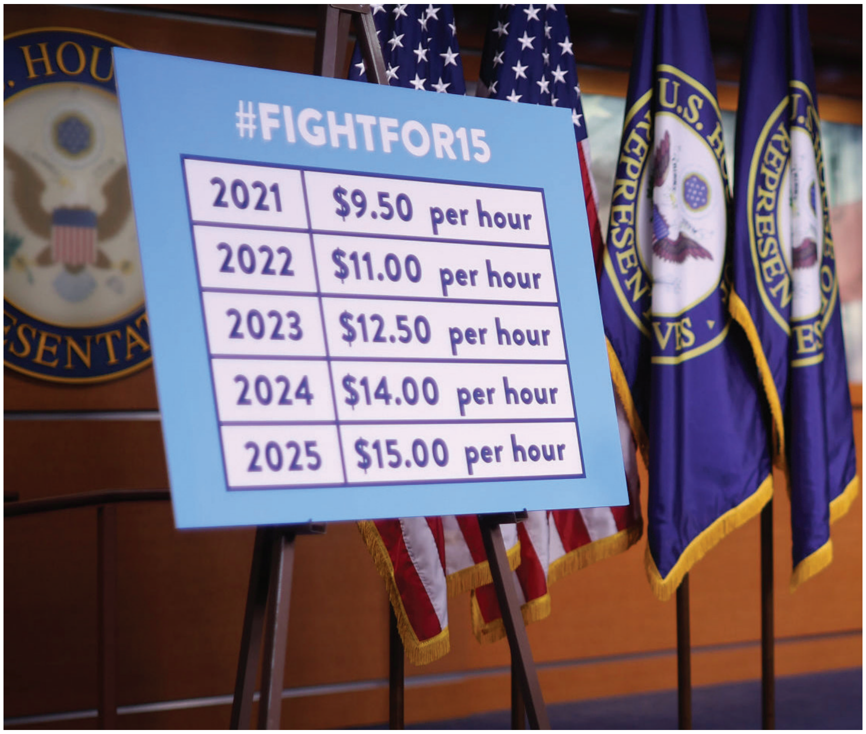
Because there is a cap on the number of reconciliation bills allowed each year, lawmakers must choose wisely which issues to tackle.

Provisions that stretch interpretations of the Byrd Rule could be struck from a final bill as lawmakers determine which battles are worth fighting. And because there is a cap on the number of reconciliation bills allowed each year, lawmakers must choose wisely which issues to tackle.

Developing a sense of legislative timing is essential—but challenging—in the current climate. Thus far, aid funding has typically required distribution within 30 or 60 days of the authorizing bill's enactment. Assuming that Congress sticks to the mid-March deadline assigned earlier in the year, funding from the bill under consideration should be in the hands of recipients between mid-April and early June. Looking ahead, the Biden Administration indicated early on that multiple relief bills would be pursued, and the first aid package would be specific to recovery. To provide additional relief, a stimulus bill focused on infrastructure may be next for reconciliation.

Earlier this year, Chair of the Senate Committee on the Environment and Public Works Tom Carper said he wants an infrastructure bill out of committee by Memorial Day. This assumes that the first reconciliation bill of 2021 is signed into law by mid-March, allowing Congress to focus on an infrastructure package. What may be the last available reconciliation bill for Congress could be the pathway major infrastructure legislation has long needed. This kind of bill could put valuable fiscal tools back in the hands of state and local finance officials. There has been broad consensus over the need for infrastructure investment, but this hasn't loosened gridlock over the issue in Congress. Infrastructure needs across the country have continued to grow, in the form of deteriorating roads, bridges, schools, and other critical public facilities, and we're also facing emerging needs for more investment in our public health systems.

A new infrastructure bill would provide an avenue for multiple legislative priorities, but earlier legislation illustrated the potential obstacles. The House reconciliation bill from late February highlighted how individual proposals can be removed from initial drafts. An earlier draft of the bill contained a federal mandate to raise the national minimum wage to $15 an hour. Before the House bill proceeded to a floor vote, the Senate parliamentarian announced that a corresponding Senate reconciliation bill could not include the $15 minimum wage provision. Plenty depends on how Congressional leaders plan to use reconciliation but losing the $15 minimum wage statute



The elimination of the $15 minimum wage provision from the House reconciliation bill in late February showed that even significant, highly visible policy initiatives can be put at risk.

PHOTO BY CHIP SOMODEVILLA/GETTY IMAGES

shows that even significant, highly visible policy initiatives can be put at risk. GFOA priorities, including the reinstatement of advance refunding bonds and expanding the use of bank qualified debt, can effectively stimulate infrastructure. These critical provisions and more could be included in a stimulus bill this year. The coalition of state and local advocates that GFOA works with has already mobilized to ensure that smart public finance policy is part of the discussion.

Getting it all done

To achieve lock-step unity in the Senate, and thus more options and less resistance for Democrats, party leaders may have to negotiate with members of their own party before attempting to find support from the GOP. Senators like Joe Manchin of West Virginia, a moderate Democrat, stand to wield significant influence over policy goals. This could lead to greater focus on issues that Manchin supports. Other moderate Democrats in the Senate include Kyrsten Sinema from Arizona or Jon Tester of Montana. Should any moderate Democrat (or any Democrat, for that matter) take a hard line against the party leadership's legislative goals, the brakes could be slammed in Congress.

Assuming unified party support, Senate Democrats may have multiple pathways to legislate through a 51-to-50 majority. Provided that the parliamentarian does not judge a measure extraneous, the simple majority is enough to protect legislation from the 60-vote threshold normally required to pass a bill.

Simple Majority Rule. Points of order are raised to address all matter of issues in the Senate. One possible method a simple majority could deploy involves the majority leader raising a point of order that directly violates existing statute. For example, former Majority Leader Harry Reid used this tactic when he removed the three-fifths vote requirement to confirm executive nominations during the Obama administration. In practice, the maneuver is remarkably simple: The majority leader raises a point of order waiving the supermajority requirement of 60 votes for a provision, and should the motion be rejected, only 51 votes are required to overturn the presiding officer's ruling. Lawmakers could seek to apply this exception to legislation in the 117th Congress.

President of the Senate. The scenario above is most relevant when the opposition party occupies the White House. Democrats in the 117th Congress have party support from the White House, making Vice-President Kamala Harris president of the Senate and the tie-breaking vote. Further, the president of the senate plays the role of final adjudicator when interpreting the Byrd Rule. Vice-President Harris may be put in a position of enormous consequence, should the Senate parliamentarian render advice that jeopardizes her party's agenda.

Conclusion

As the case of the $15 minimum wage illustrated, advocating for provisions within a reconciliation bill is different from drafting legislation through the usual processes. Time for advocates to make their case will be short, and Congress may be tight-lipped over issues involving reconciliation. Advocates will have to shield policies from being labeled as extraneous while working against a time-constrained process. Champions of public finance will have to make their case to protect against the removal of provisions that are critical to recovery efforts nationwide.

One unconventional year follows another in Washington, D.C. Leaders and political observers will have to wait a little longer for "business as usual" to return to Capitol Hill.

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