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January 5, 2016

MEMORANDUM FOR ALL MEMBERS, OFFICERS, AND EMPLOYEES

FROM: **Committee on Ethics**
 Charles W. Dent, Chairman
Linda T. Sánchez, Ranking Member

SUBJECT: The 2016 Outside Earned Income Limit and Salaries Triggering the Financial Disclosure Requirement and Post-Employment Restrictions Applicable to House Officers and Employees

A House employee's salary level may trigger certain public disclosure requirements and employment restrictions, including the:

1. Requirement to file financial disclosure (FD) statements, including Periodic Transaction Reports (PTRs);¹
2. Restrictions on outside employment;
3. Disclosure of negotiations for private employment and recusal requirements; and
4. Post-employment restrictions.

This memorandum provides details on the current triggering salary figures for CY 2016 for each of the categories noted above, and summarizes them in a table on page 5 of this Memorandum.

¹ For detail on the PTR requirement, see the Committee's August 17, 2012, advisory memorandum "Periodic Reporting of Personal Financial Transactions Pursuant to the STOCK Act, as amended," which is available on the Committee Web site (ethics.house.gov), under the links for Reports/General Advisories. Note that the STOCK Act may require the filing of PTRs as often as once per month for Members and any staff who are paid at the senior staff rate on the first day of the 2016 pay cycle (January 3, 2016). Staff who rise to the senior staff rate for more than 60 days later in the year will also be subject to the requirement for the remainder of the calendar year.

FINANCIAL DISCLOSURE

House officers and employees whose “rate of basic pay is equal to or greater than 120 percent of the minimum rate of basic pay payable for GS-15 of the General Schedule” for at least 60 days at any time during a calendar year are required to file FD statements, provided that the officer or employee “performs the duties of his [or her] position or office for a period in excess of sixty days in that calendar year.”² The GS-15, step 1, basic pay rate for CY 2016 is \$102,646. The applicable 120% calculation for that rate is therefore **\$123,175**, or a monthly salary above \$10,265. This rate is referred to as the “senior staff rate.”

As a result, House officers and employees whose basic rate of pay is equal to or greater than the senior staff rate (\$123,175) for at least **60 days**³ during **2016** must file an FD statement on or before May 15, 2017.⁴ In addition, any new employee paid at the senior staff rate must file a “new employee” FD statement within 30 days of assuming employment with the House.⁵ Finally, any staff who are paid at the senior staff rate on January 3, 2016 (or their first day of employment, if later in the year) must file reports (PTRs) on an ongoing basis throughout the year regarding certain financial transactions. See footnote 1 of this Memorandum for more information on the PTR requirement.

Please note that the requirement to file an FD statement covering calendar year 2015 applies to officers and employees whose basic rate of pay for at least 60 days in **2015** was **\$121,956** or more (a monthly salary at or above \$10,163). Annual FD statements covering CY 2015 are due on Monday, May 16, 2016, for those individuals who continue to be Members, officers, or employees of the House on that date.⁶

In addition, House Members, officers, and employees paid at or above the senior staff rate for 60 days or more in a calendar year who terminate their House employment during that calendar year are required to file an FD statement within 30 days of their termination.⁷

² Ethics in Government Act (EIGA) §§ 109(13) and 101(d), 5 U.S.C. app. §§ 109(13) and 101(d) (hereinafter all citations to the EIGA will be to the appropriate federal code citation). In addition, all House Members are required to file FD statements. 5 U.S.C. app. §§ 101(e) and (f).

³ The House payroll department operates on a 30-day payroll cycle, meaning that each monthly pay period, regardless of its actual length, is counted as 30 days. Thus, a change to an employee’s base rate of pay in any two months during the calendar year (even non-consecutive months) may trigger the requirement to file a Financial Disclosure Statement. This is true even if the pay change affects only part of a month.

⁴ 5 U.S.C. app. §§ 101(c) and 109(f).

⁵ See 5 U.S.C. app. § 101(a). The only exception to this filing requirement is for new employees who assume employment with the House within 30 days of leaving a position with the federal government in which they filed a publicly-available financial disclosure statement. Individuals who are exempt from filing under these circumstances must notify the Clerk of the House of that fact in writing by letter or through the e-filing system for filing financial disclosure statements.

⁶ FD statements are due May 15 annually. In the event that May 15 or other filing deadline fall on a weekend or a holiday, the filing deadline shall be on the next business day.

⁷ See 5 U.S.C. app. § 101(e). The only exception is for filers who, within 30 days of their termination from the House, accept a position with the federal government that requires the filing of a publicly-available financial disclosure statement. Departing employees who are exempt from filing under these circumstances must notify the Clerk of that fact in writing by letter or through the e-filing system for filing financial disclosure statements.

THE OUTSIDE EARNED INCOME LIMIT AND OUTSIDE EMPLOYMENT RESTRICTIONS

House officers and employees whose rate of basic pay is equal to or greater than the senior staff rate for **more than 90 days** are subject to limits on the amount of outside earned income⁸ attributable to each calendar year.⁹ As noted above, the senior staff rate for CY 2016 is **\$123,175**, or a monthly salary above \$10,265.

The limit on outside earned income attributable to a calendar year is 15% of the rate of basic pay for Executive Schedule Level II in effect on January 1 of the year. As of January 1, 2016, the rate of basic pay for Executive Level II is \$183,300. Accordingly, the outside earned income limit for House Members, officers, and employees paid at or above the senior staff rate for CY 2016 is **\$27,495**.¹⁰ Members, officers, and House employees paid at or above the senior staff rate for more than 90 days are also subject to a number of specific limitations on the types of outside employment.¹¹ Detailed information regarding these limitations may be found on pages 213 to 238 of the *2008 House Ethics Manual*, which is available on the Committee's Web site (ethics.house.gov). The Committee's Office of Advice and Education (extension 5-7103) is available to explain these limitations further.

DISCLOSURE OF EMPLOYMENT NEGOTIATIONS AND RECUSALS

House Members, officers, and employees paid at the senior staff rate must notify the Committee within three (3) business days after they commence any negotiation or agreement for future employment with a private entity.¹² In addition, House Members, officers, and senior staff must recuse themselves from "any matter in which there is a conflict of interest or an appearance of a conflict" with the private entity with which they are negotiating or have an agreement for future employment or compensation, and they must notify the Ethics Committee in writing of such recusal.¹³ As noted above, the senior staff rate for CY 2016 is **\$123,175**, or a monthly salary above \$10,265.

⁸ The term "outside earned income" means any "wages, salaries, fees, and other amounts received or to be received as compensation for personal services actually rendered" by a House Member, officer, or employee. House Rule 25, cl. 4(d)(1). It does not include, among other things, the individual's salary from the House, nor does it include income for services rendered before the individual was employed by the House. *Id.* at cl. 4(d)(1)(A), (B).

⁹ 5 U.S.C. app. § 501(a)(1); House Rule 25, cls. 1(a)(1) and 4(a)(1).

¹⁰ This amount is proportionally reduced when an individual becomes a Member, officer, or senior employee during the calendar year. For example, an individual who is hired into a senior staff position on July 1 has an outside earned limit that is one-half of the full amount, or \$13,613. *See* 5 U.S.C. app. § 501(a)(2); House Rule 25, cl. 1(b).

¹¹ *See* 5 U.S.C. app. § 502(a); House Rule 25, cls. 1-4.

¹² House Rule 27, cl. 2; Stop Trading on Congressional Knowledge Act, Pub. L. No. 112-105 (Apr. 4, 2012) (hereinafter STOCK Act) § 17.

¹³ House Rule 27, cl. 4; STOCK Act § 17.

Information on the disclosure and recusal requirements related to seeking private employment applicable to Members, officers, and senior staff is available in two Committee advisory memoranda, one for Members and officers and one for staff. Copies of both memoranda, which are dated December 19, 2014, are available on the Committee's Web site (ethics.house.gov) under "Reports/General Advisories," and forms for making the notifications regarding job negotiations or recusal are available under "Forms/Post-Employment."

POST-EMPLOYMENT RESTRICTIONS

House Members and officers, as well as certain other House employees, are subject to post-employment restrictions on lobbying.¹⁴ A former employee of a Member, committee, or leadership office is subject to the restrictions if, for at least **60 days** during the one-year period preceding termination of House employment, the employee was paid at a rate equal to or greater than 75% of the basic rate of pay for Members at the time of termination. This amount is referred to as the "very senior staff rate."

The basic rate of pay for Members in 2016 will remain \$174,000.¹⁵ Therefore, the post-employment threshold for employees who depart from a job in a Member, committee, or leadership office in CY 2016 remains **\$130,500**, or a monthly salary of \$10,875 or more. However, the triggering salary for employees of other House or legislative branch offices (such as the CBO, GAO, GPO, Capitol Police, Library of Congress, Clerk, Parliamentarian, Office of Legal Counsel, and Chief Administrative Officer) is Executive Schedule Level IV. For 2016, that salary has increased to **\$160,300**, or a monthly salary above \$13,358.

Information on the post-employment restrictions applicable to Members, officers, and very senior staff is available in the two Committee advisory memoranda referenced in the previous section.

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See page 5 for a table summarizing the information contained in this memorandum.

¹⁴ 18 U.S.C. § 207.

¹⁵ Section 9 of Division Q of the Consolidated Appropriations Act, 2016 Pub. L. No. 114-113 (Dec. 18, 2015), prohibited a scheduled cost-of-living pay raise for Members. As a result, Member pay will remain at \$174,000 for 2016.

CALENDAR YEAR 2016

Item	2016 Amount
Outside earned income & outside employment threshold - Outside employment fiduciary restrictions if paid at rate for more than 90 days during 2016	\$123,175 (\$10,265/mo)
Outside earned income limit	\$27,495
Financial Disclosure/PTR threshold - Annual FD required in May 2017 if paid at rate for 60 days or more in CY 2016 - PTRs required during CY 2016 if: - Paid at rate on first day of calendar year or first day of House employment (if later); <i>or</i> - Paid at rate for any two pay periods during CY 2016 (<i>e.g.</i> , if get bonus or pay raise during calendar year), subject to PTR requirement for remainder of year	\$123,175 (\$10,265/mo)
Written disclosure of job negotiations and recusals required	\$123,175 (\$10,265/mo)
Post-Employment threshold for employees of Member, committee, or leadership offices	\$130,500 (\$10,875/mo)
Post-Employment threshold for employees of “other legislative offices” (see p. 4)	\$160,300 \$13,358