SGE Ethics Enforcement & Reform (SEER) Act of 2025

Senator Elizabeth Warren & Representative Melanie Stansbury

Special Government Employees (SGEs) are temporary federal employees who are expected to work for the government fewer than <u>131 days</u> per year. Unlike regular employees, SGEs typically maintain jobs outside of government and can <u>be paid</u> by an outside entity for the time they spend working for the federal government.

Elon Musk and <u>numerous members</u> of the Department of Government Efficiency (DOGE) have been designated as SGEs, allowing them to be paid by private companies for time they spend dismantling federal agencies from within.

Of the roughly 40,000 SGEs in the federal government, around <u>97%</u> are on advisory committees and are subject to additional transparency requirements under the Federal Advisory Committee Act (FACA). Among the remaining 3% are junior seasonal employees, expert technocrats brought into government to advise on discrete projects (sometimes on an emergency basis), and, most concerningly, those who perform high-level, policy-advising functions akin to regular government employees — yet without the same standard ethics guardrails. For example, the Trump Administration has designated venture capital founder <u>David Sacks</u> an SGE to "help guide the President's policy" on artificial intelligence and crypto.

Ethics controversies around SGEs often stem from the fact that SGEs can simultaneously maintain jobs outside of government that may pose a direct conflict of interest with their government work but, in practice, are rarely required to recuse or divest to resolve those conflicts. For example, Huma Abedin worked for the global risk consulting firm Teneo while working at the State Department as an SGE; Linda Lourie advised companies at the intersection of defense and technology while advising the Department of Defense (DoD) on similar topics; and Eric Schmidt served as an SGE on a DoD advisory board on tech innovation while chairing Google's parent company, Alphabet. Now, Elon Musk is an SGE within the White House and does not have to recuse from matters impacting his own multi-billion-dollar companies as long as his work does not meet the relatively narrow definition of a "particular matter" (as defined by Office of Government Ethics regulations).

Furthermore, despite their increased ethics risks, SGEs are often not required to publicly disclose their financial interests; only those who are both classified above the GS-15 level and serve for over 60 days must <u>do so</u>. For example, <u>Anita Dunn</u> garnered criticism for taking an artificially low salary to potentially avoid public financial disclosure requirements as an SGE.

There also exists a lack of transparency surrounding who is classified as an SGE and, at times, the SGE classification is improperly used to skirt ethics rules. For example, during President Trump's first term, Keith Noreika entered government as an SGE to serve as Acting Comptroller of the Currency. Meanwhile, some "private advisors" or "contractors" who should have been SGEs were not classified as government employees at all (such as President Trump's billionaire special advisor Carl Icahn and head of the COVID-19 vaccine program Dr. Moncef Slaoui).

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Senator Warren's and Representative Stansbury's SGE Ethics Enforcement & Reform Act would:

1. **Expand existing ethics rules to apply to SGEs**. While most ethics laws for regular federal employees apply to SGEs, <u>some</u> apply more loosely and others do not apply at all. This bill would apply standard ethics rules to SGEs starting on the SGE's 61st day in government, except for rules on outside compensation, which would apply after the SGE's 130th day.

2. Strengthen conflict-of-interest rules for SGEs:

- Create a bright-line rule to prohibit any SGE who owns or leads a billion-dollar company or a company with large federal contracts or monopolistic industry power from communicating in their official capacity with agencies that contract with, regulate, or conduct enforcement actions against their company (with a carveout for advisory committee SGEs without leadership roles).
- o **Require SGEs to resolve conflicts of interest** raised by government work that would directly and predictably affect their non-governmental employers, even if the project also affects others in society beyond a specific party or discrete industry, if the work is a discrete part of a matter that would constitute a particular matter if it were not part of a larger matter (with a carveout for advisory committee SGEs without leadership roles).
- o Require the **Office of Government Ethics to concur** before issuing a conflict-of-interest waiver to an SGE (except those on advisory committees without leadership roles), to avoid the current issue of agency officials signing off on recusal waivers for SGEs more <u>leniently</u> than for other employees even when the same waiver standard applies.
- o Require SGEs who are chairs and vice chairs of advisory committees to abide by the **tougher standard for conflict-of-interest waivers** under § 208(b)(1), rather than the more lenient § 208(b)(3) standard for all other SGEs on advisory committees, because of the outsized decision-making power of advisory committee chairs and vice chairs.

3. Increase transparency surrounding who is an SGE and SGE financial interests:

- Allow public access to the financial disclosures of SGEs (except those classified below the GS-10 level and those on advisory committees without leadership roles), without requiring the public to request disclosure forms.
- Allow public access to conflict-of-interest waivers granted under § 208(b) to SGEs (except those on advisory committees without leadership roles).
- Require a person to be designated as an SGE in the OPM database in order to count as an SGE, to avoid the current issue of agencies not consistently identifying SGEs in personnel data and to ensure the federal government maintains a comprehensive list of all SGEs.
- o Require OPM to maintain an **electronic public database of SGEs** (except those on advisory committees) that notes the SGE's name, their number of days as an SGE so far, and the reason for their classification as an SGE instead of a regular employee.