



Federal Accounting Standards Advisory Board

July 6, 2007

Memorandum

To: Members of the Board

From: Eileen W. Parlow, Assistant Director

Through: Wendy M. Comes, Executive Director

Subj: Fiscal Sustainability Reporting- **Tab D**

NOTE: The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations.

Attached is a summary of the results of the Financial Statement Users/Communications Experts meeting on June 19, 2007.

Staff recommendations and questions for the Board appear on page 20.

Also attached FYI is a copy of the briefing memo that was sent to the Task Force members in preparation for the June 19, 2007 meeting.

If you have questions or need additional information, please contact me at 202-512-7356 or by email at parlowe@fasab.gov. I will be able to consider and respond to your questions or concerns more fully if I am aware of them in advance of the meeting.

Fiscal Sustainability Reporting Task Force
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Participants

Financial Statement Users and Communications Experts:

Mr. Robert Bixby, Concord Coalition
The Honorable Mike Conaway (R-TX);
The Honorable Jim Cooper (D-TN);
Dr. Gary L. Kreps, George Mason University
Ms. Sheila Weinberg, Institute for Truth in Accounting

Technical Experts:

Robert B. Anderson, OMB
James Duggan, Treasury
Jagadeesh Gokhale, Cato Institute
Stephen Goss, SSA
Thomas McCool, GAO
Benjamin Page, CBO

Communications Issues

Recommended strategy for an effective message

The communications task force members emphasized that reporting should meet the needs of the audience. Meeting the needs of the audience requires an analysis of the different segments of the audience, and the realization that a variety of different formats may be needed to meet the needs of different audience segments. For the U. S. government's Financial Report, audience segments would include:

- The public
- Public intermediaries, such as the media
- Congress
- Agency executives

The members said that one message format is not likely to reach all of the audience segments. Ideally, the message strategy should include extensive testing to determine if the message format is effective with different segments of the audience. The format of the message should provide for audience feedback so that it can be refined over time.

In framing the message, it is important to convey the information in a clear and vivid way that will help the audience to answer questions such as:

- What does it mean?
- How does it relate to me (or to someone important to me)?
- Can anything be done about it?

Characteristics of an effective message

The goal of the discussion was for the Task Force to make recommendations to the Board on how to make information relating to the future implications of current U.S. government policies “understandable and meaningful” to financial statements users. The Task Force members agreed that “understandable and meaningful” means that the information should be presented in such a way that the audience will pay attention to it, understand it, and it keep in mind when making relevant decisions. Relevant decisions for elected officials would include deciding on legislation; for the members of the public, relevant decisions include selecting and communicating with their elected representatives.

The book “Made to Stick: Why Some Ideas Survive and Others Die” identified six characteristics of an effective message: Simple, Unexpected, Concrete, Credible, Emotional, and “Story” element.¹ Staff believes that the recommendations of the communications experts addressed all six of these characteristics.

¹ See *Made to Stick: Why Some Ideas Survive and Others Die*, Chip Heath and Dan Heath, New York: Random House, 2007, pp. 16-19.

Simplicity

The group believes that simplicity is extremely important, even when complex information is being presented, and that the most important information should be presented first.

If a chart is displayed, the most important information should be highlighted on the chart as well as in the narrative.

In the narrative, the most important information being presented should be summarized at the beginning of the narrative, ideally in just one or two sentences. One of the Communications members complained that the GAO's stated concerns about the government's fiscal sustainability did not appear until page 152 of the Financial Report.

Background information could be presented in a variety of ways that would not clutter the primary presentation, for example, in footnotes, appendices, text boxes, or, for website presentations, definitions or links that are embedded in the text.

The members agreed that tables of data are necessary to include somewhere, but that tables of data are not always the best primary display. For example, a trend may be displayed more simply by a line graph, rather than a table of numbers.

One member suggested a single "marquee number" as a primary dashboard measure. The group discussed a concept of a total amount that might be labeled "fiscal imbalance" or "fiscal gap" that could be developed and defined as a type of marquee or dashboard number. The debt-to-GDP ratio is another potential dashboard figure that could be explained.

Concrete

There should be a specific bottom line number, with a term such as "fiscal gap" or "fiscal imbalance." However, the Task Force members do not believe that dollar amounts versus ratios such as percentage of GDP should be viewed as an "either/or" decision. The consensus of the group was that both dollar amounts and percentages of GDP are important, and both should be displayed.

The members emphasized that the primary display(s) should not include more detail than is needed to convey the message.

Credible

The group noted that having a formal financial statement that would be subject to audit is critical for credibility of the message.

Vivid Imagery/Emotional Reaction/Unexpected

The Communications members explained that mathematical data needs to be "humanized" in some way in order to engage the reader. Ideally, an effective presentation should have an element of excitement or drama to be compelling enough

to capture attention. An example is the use of the term “tsunami²” by Comptroller David Walker when speaking to the public about the impact of current policies upon the nation’s long-term fiscal outlook.

However, both technical and communication experts noted that the message should not be excessively negative, and should include the element of hope. Ideally, an effective message will include an element of surprise for the audience. One example mentioned is a prediction by Standard & Poor’s that if present trends continue, the U.S. Government will lose its current “AAA” rating by 2012.³

Another example, which is used by the Concord Coalition in its Fiscal Wake-Up Tour, is the use of “per household” amounts to help the audience to grasp the enormous size of the government’s fiscal imbalance. However, several of the technical members objected to the use of summary amounts and questioned using the denominator of current population for a “per capita” figure associated with a projected shortfall over a 75-year period.

Story/Conceptual Framework

The Communications members noted that giving the information context, such as framing it as a story, can help the reader to conceptualize an issue.

One of the Communications members mentioned the Edward Tufte book, *The Visual Display of Quantitative Information*⁴ and said that good design is important for graphs or other visual displays; well-designed displays can tell a story about the data.

One of the Communications members also suggested framing the issue by using a public health analogy such as cancer or body weight index (BMI).

Staff comment: The long-term fiscal sustainability reports issued by Australia, New Zealand and the U.K. include extensive reporting on demographic trends, such as increased life expectancy and decreased birth rates in developed countries, that are a major factor in the country’s long-term fiscal projections. A requirement to include non-financial information about demographic trends would assist the reader to conceptualize the issue and to understand the “why” of projected fiscal trends.

² “People are on the beach having a beach party while you can see a tsunami of spending on the horizon. And you’ve got people saying, ‘party on,’ ” Walker said in an interview. “We’re headed for very, very rough seas, like we’ve never seen before in this country.” Comptroller General David Walker, quoted in “Stumping to Attention for Deficit Disorder,” *Washington Post*, June 21, 2007, page D1.

³ “U.S. Could Lose Top Rating -- by 2012 --- S&P Warns Budget Woes Jeopardize Triple-A Grade; A Threat of Junk Levels?” *Wall Street Journal*, June 7, 2006.

⁴ “Attractive displays of statistical information...often have a narrative quality, a story to tell about the data.” *The Visual Display of Quantitative Information*, Edward Tufte, Cheshire, CT: Graphics Press, 1983, page 177.

One possible application of the “story” element might be in having the narrative mention the specific debt-to-GDP ratio targets of other developed nations that are facing similar challenges, and perhaps additional comparative information, including nonfinancial demographic trends, for other nations. Such comparative information might assist the reader in assessing projected debt-to-GDP ratios for the U.S. Government.

Technical Issues

Summary Numbers

A majority of the group believe that some summary numbers (for example, the \$50 trillion 75-year shortfall) are necessary. However, several technical members prefer to avoid summary numbers, and they emphasized that any summary numbers presented must be clearly explained. In particular, any “per capita” summary numbers must have a reasonable relationship between the numerator and the denominator.

Time Horizon

A majority of the “Communications” members believe that both limited and infinite horizon are important and should be presented. One member suggested that a “100 year” horizon might be preferable to the currently popular “75 year” horizon for social programs. The members understand the “moving window” problem for limited horizon presentations (important trends just beyond the time period presented are not shown).

The group discussed the problem of labeling “infinite-horizon” information, and suggested that other labels, such as “all future years” might be just as accurate but less intimidating than the word “infinite” to readers.

Critique of Specific Examples

Sample 1- Table

The Nation's Long-Term Fiscal Outlook
 (Receipts, outlays, surplus or deficit, and debt as a percent of GDP)

	1980	1990	2000	2010	2020	2030	2040	2060	2080
Receipts	19.0	18.0	20.9	18.3	18.3	18.3	18.3	18.3	18.3
Outlays:									
Discretionary	10.1	8.7	6.3	6.6	4.8	4.8	4.8	4.8	4.8
Mandatory:									
Social Security	4.3	4.3	4.2	4.2	4.9	5.8	6	6.1	6.3
Medicare	1.1	1.7	2	2.8	3.7	5.1	6.3	7.7	8.8
Medicaid	0.5	0.7	1.2	1.4	1.9	2.2	2.5	3	3.6
Other	3.7	3.2	2.4	2.3	1.8	1.5	1.3	1	0.9
Subtotal, mandatory	9.7	9.9	9.8	10.7	12.3	14.6	16.1	17.8	19.6
Net Interest	1.9	3.2	2.3	1.7	1.1	1.2	2.3	6.4	12.9
Total outlays	21.7	21.8	18.4	19.0	18.2	20.6	23.2	29.0	37.3
Surplus or Deficit (-)	-2.7	-3.8	2.5	-0.7	0.1	-2.3	-4.9	-107	-19.0
Primary Surplus or Deficit (-)	-0.8	-0.6	4.8	1.0	1.2	-1.1	-2.6	-4.3	-6.1
Federal Debt Held by the Public	26.1	42.0	35.1	35.5	21.1	24.4	47.6	130.3	262.1

Several of the Communications members criticized this table, which is adapted from Table 13-2 of the Analytical Perspectives volume of the President's budget, as being "incomprehensible to the general reader" and that it is not the best display for the information that it contains. For example, the table does not clearly answer questions such as, "what are the most important numbers in this table?" or "what do the numbers mean- what are the implications?"

Recommendations (if the chart is presented)

- If such a table were presented, the numbers at the lower right should be highlighted, because that is the most important information in the table.
- The consequences of the information presented needs to be explained and as briefly as possible, such as how much taxes would need to be increased or

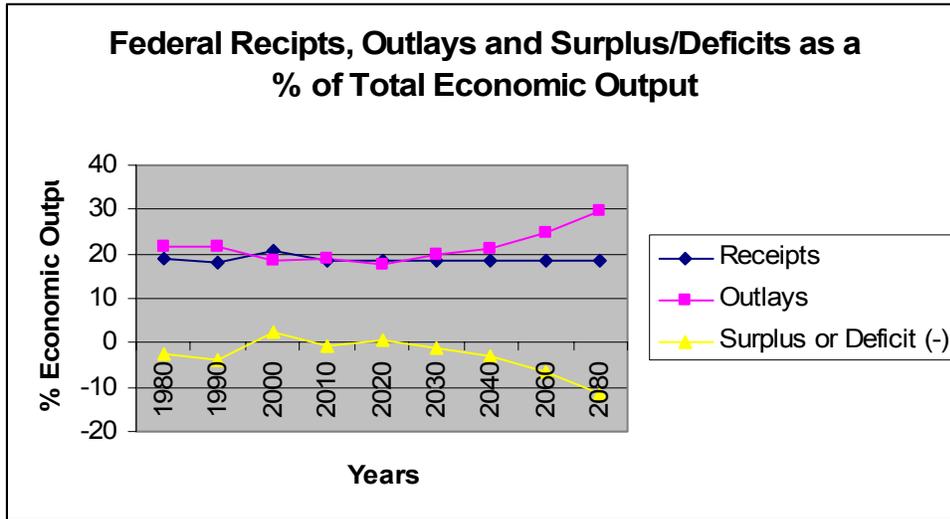
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benefits reduced in order to maintain the debt-to-GDP level at the current year's level⁵.

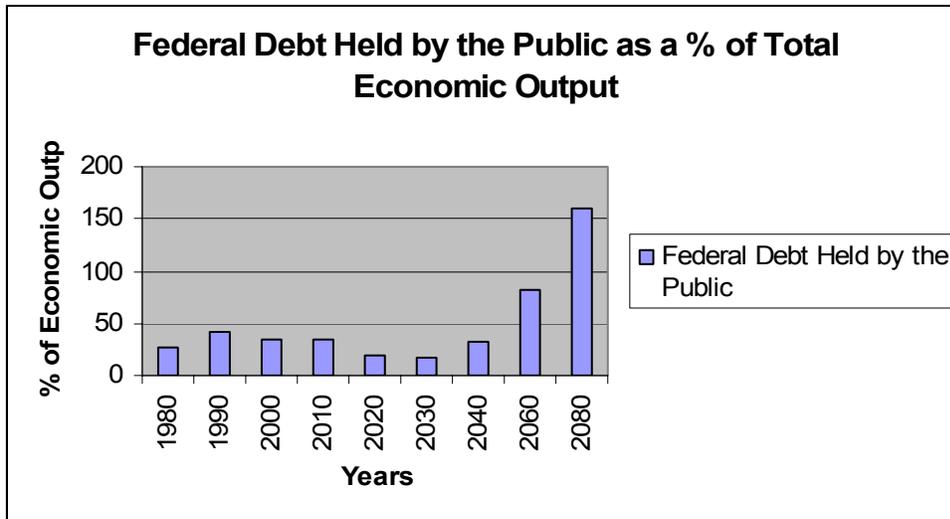
- Additional information needs to be presented explaining:
 - Important assumptions relating to revenues and expenditures
 - The implications of such a high debt-to-GDP level, and
 - The cost of delay (in terms of consequences), so that it would not look as if the problem is decades away in the future.

⁵ In the absence of legislated targets, the current year's level of debt to GDP was mentioned as being a reasonable rule.

Sample 2- Graph: Receipts and Outlays



Sample 3: Graph: Federal Debt

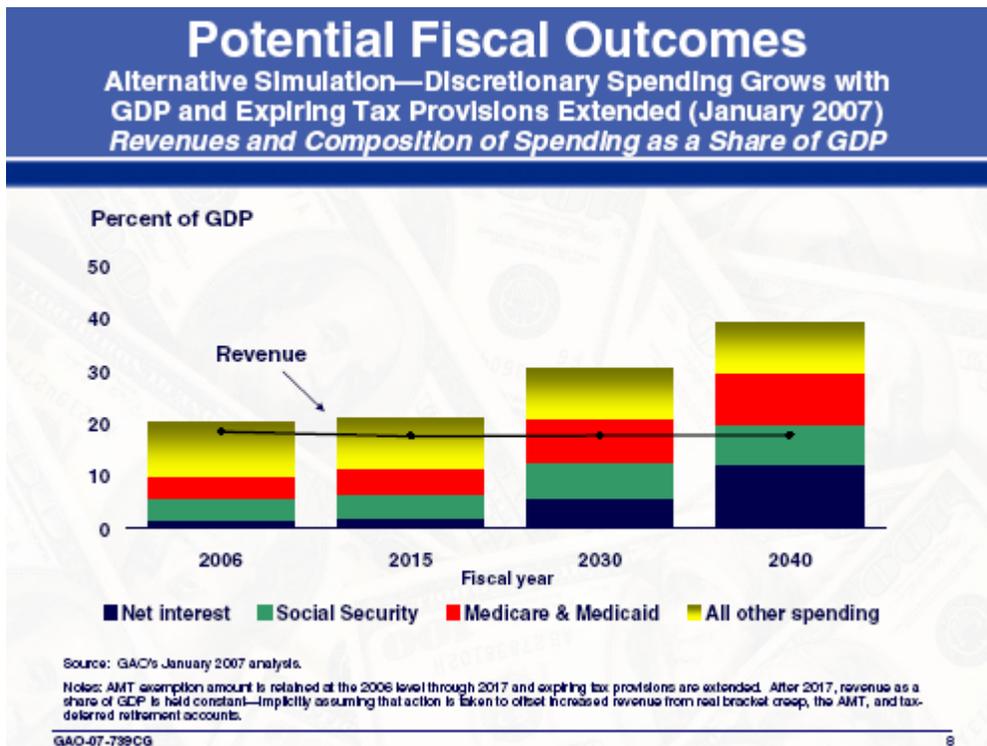


The group believes that Sample 3 is more understandable than Sample 2, but still needs narrative.

Recommendations:

- Sample 2: Either eliminate the surplus/deficit line (in yellow) or show only the surplus/deficit line. The information is duplicative and the graph is cluttered.
- Provide an explanation of terms (such as GDP) in the narrative or a footnote.

Sample 4- Graph of Potential Fiscal Outcomes



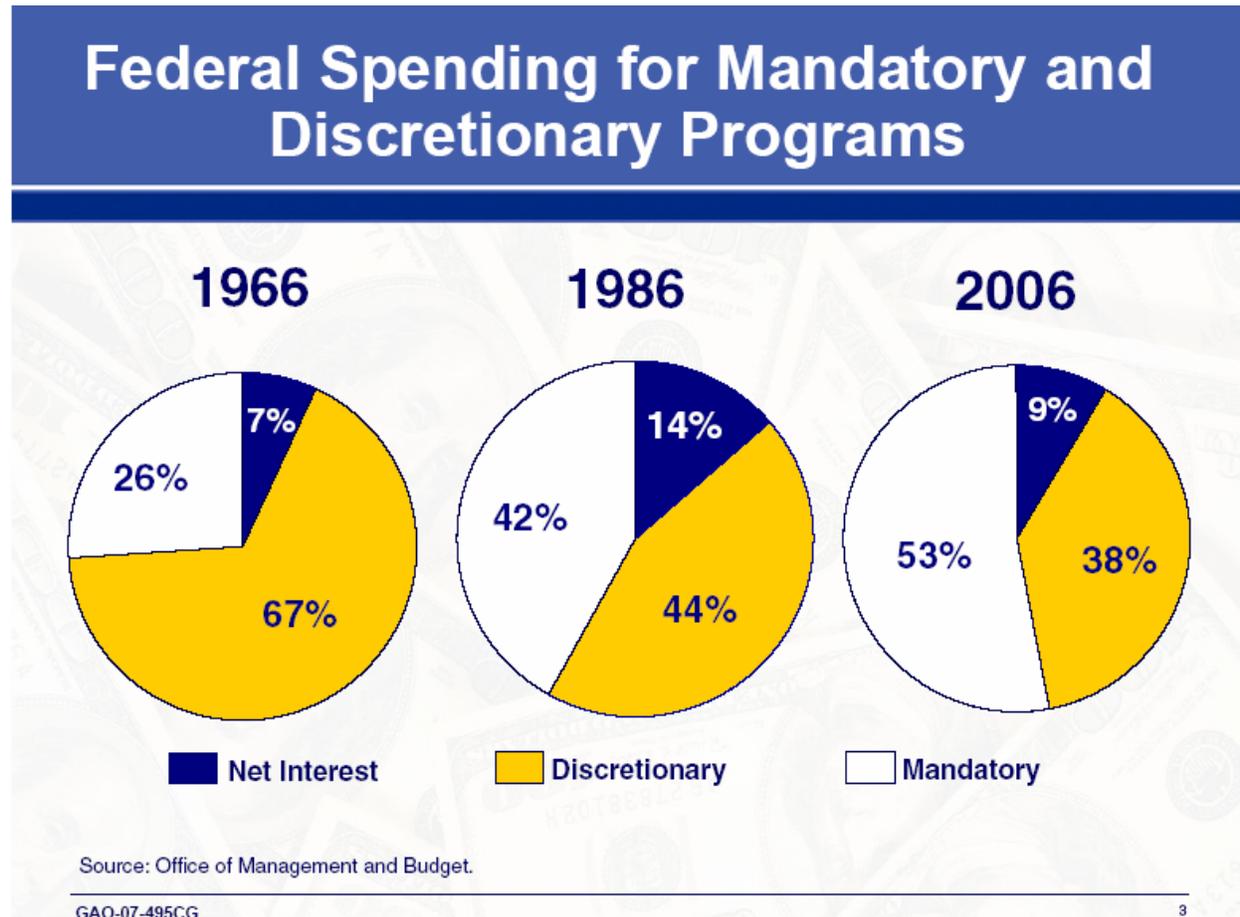
One Communications member noted that this graph, which has been featured in the Concord Coalition's Fiscal Wake-Up Tour, has not received positive feedback from the public.

Another Communication member noted that although implications of this information is devastating, it is not currently well-understood by many.

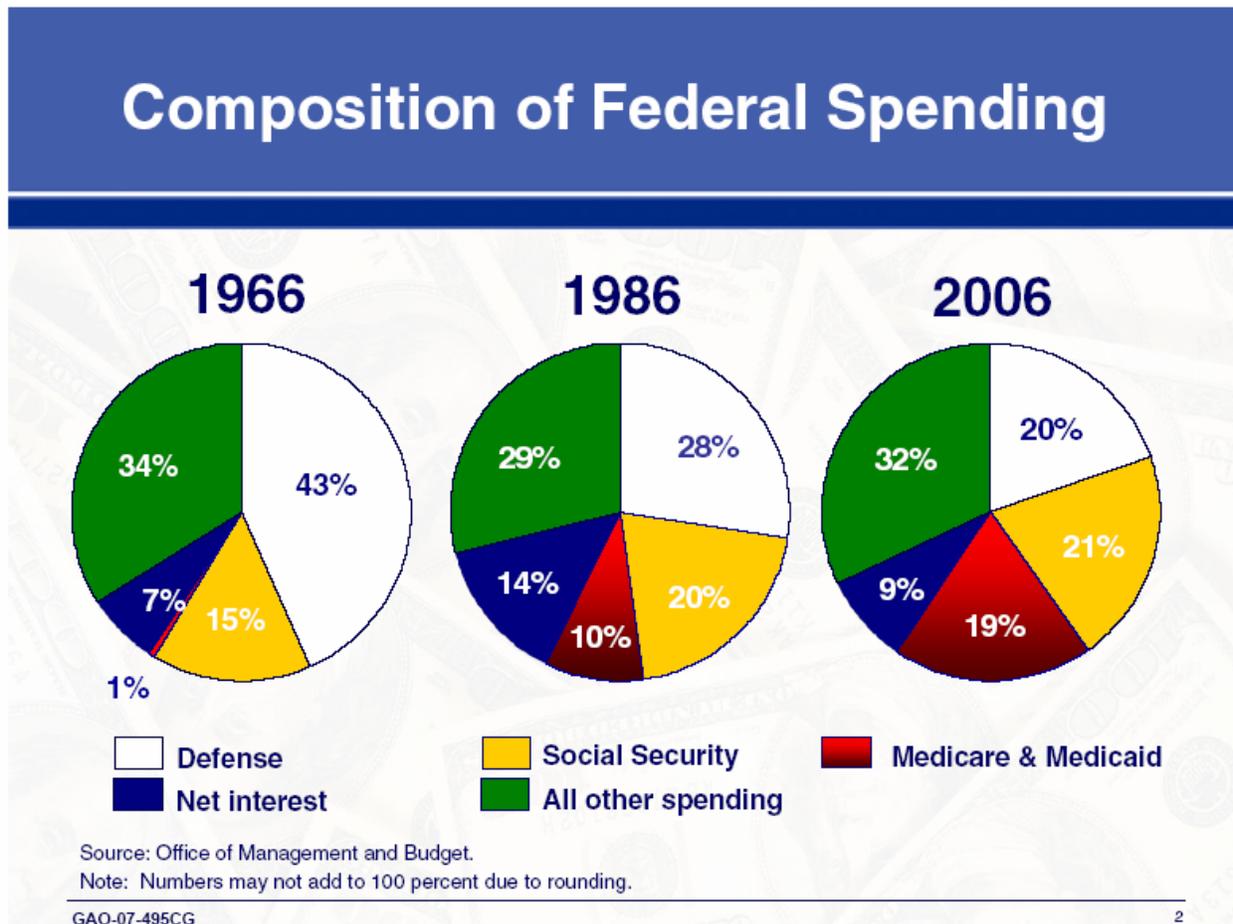
Technical members noted problems inherent in this presentation:

- It presents a level of borrowing that is virtually impossible and will not occur.
- If such borrowing did occur, there would be a financial crisis at some point but it is impossible to predict when the crises would happen.

Sample 5: Chart of Mandatory/Discretionary Spending



Sample 6: Detail of Mandatory/Discretionary Spending



Recommendations, if formats 5 and/or 6 are used:

- Sample 6 has categories more familiar to the public than Sample 5.
- If Sample 5 is used, there needs to be an explanation of discretionary and mandatory, perhaps by likening it to the concept of a net paycheck in one's personal life.
- The implications need to be explained in the narrative, preferably in bullet-point format.

Sample 7- Table of Major Fiscal Exposures

Major Fiscal Exposures (\$ trillions)

	2000	2006	% Increase
• Explicit liabilities	\$6.9	\$10.4	52
<ul style="list-style-type: none"> • Publicly held debt • Military & civilian pensions & retiree health • Other 			
• Commitments & contingencies	0.5	1.3	140
<ul style="list-style-type: none"> • E.g., PBGC, undelivered orders 			
• Implicit exposures	13.0	38.8	197
<ul style="list-style-type: none"> • Future Social Security benefits • Future Medicare Part A benefits • Future Medicare Part B benefits • Future Medicare Part D benefits 	<p>3.8</p> <p>2.7</p> <p>6.5</p> <p>--</p>	<p>6.4</p> <p>11.3</p> <p>13.1</p> <p>7.9</p>	
Total	\$20.4	\$50.5	147

Source: 2000 and 2006 Financial Report of the United States Government.

Note: Totals and percent increases may not add due to rounding. Estimates for Social Security and Medicare are at present value as of January 1 of each year and all other data are as of September 30.

Sample 8- Table of Per Capita Measures

How Big is Our Growing Fiscal Burden?

This fiscal burden can be translated and compared as follows:

Total –major fiscal exposures	\$50.5 trillion
Total household net worth¹	\$53.3 trillion
Burden/Net worth ratio	95 percent
Burden²	
Per person	\$170,000
Per full-time worker	\$400,000
Per household	\$440,000
Income	
Median household income ³	\$46,326
Disposable personal income per capita ⁴	\$31,519

Source: GAO analysis.

Notes: (1) Federal Reserve Board, Flow of Funds Accounts, Table B.100, 2006:02 (Sept. 19, 2006); (2) Burdens are calculated using estimated total U.S. population as of 9/30/06, from the U.S. Census Bureau; full-time workers reported by the Bureau of Economic Analysis, in NIPA table 6.5D (Aug. 2, 2006); and households reported by the U.S. Census Bureau, in Income, Poverty, and Health Insurance Coverage in the United States: 2005 (Aug. 2006); (3) U.S. Census Bureau, Income, Poverty, and Health Insurance Coverage in the United States: 2005 (Aug. 2006); and (4) Bureau of Economic Analysis, Personal Income and Outlays: October 2006, table 2, (Nov. 30, 2006).

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Recommendations, if formats in Samples 7 and/or 8 are used:

- Sample 7 should be revised to show trends- more time periods, especially going forwards
- In Sample 7, the “Commitments and Contingencies” line is too immaterial to have its own section.
- Sample 8 has “per capita” calculations that some of the technical members disagree with (the \$50.5 trillion should be divided by the total future population, not the current population)
- Several of the Communications members (and one of the technical members) believe that Sample 8 is helpful in illustrating the size of the fiscal imbalance.
- Samples 7 and/or 8 need accompanying narrative that explains risks involved, as well as actions that could be taken, but without implying policy recommendations.

Sample 9- Mock-up Statement of Sustainability

The pro forma statement below was proposed in the Alternative View of *Preliminary Views: Accounting for Social Insurance, Revised*. Staff explained to the Task Force that the FASAB has not yet evaluated this proposal and would be interested in the Task Force's comments.

Statement of Fiscal Sustainability				
as of January 1, 20XX				
	75-Years		Infinite Horizon	
	PV Dollars	%GDP	PV Dollars	%GDP
Social Security				
Scheduled Benefits	\$ XX.X	X.X%	\$ XX.X	X.X%
Earmarked Revenue	\$ XX.X	X.X%	\$ XX.X	X.X%
Net	\$ XX.X	X.X%	\$ XX.X	X.X%
Medicare				
<i>Part A</i>				
Scheduled Benefits	\$ XX.X	X.X%	\$ XX.X	X.X%
Earmarked Revenue	\$ XX.X	X.X%	\$ XX.X	X.X%
Net	\$ XX.X	X.X%	\$ XX.X	X.X%
<i>Parts B and D</i>				
Scheduled Benefits	\$ XX.X	X.X%	\$ XX.X	X.X%
Earmarked Revenue	\$ XX.X	X.X%	\$ XX.X	X.X%
Net	\$ XX.X	X.X%	\$ XX.X	X.X%
Total Social Security and Medicare	\$ XX.X	X.X%	\$ XX.X	X.X%
Rest of Government				
Other Future Outlays	\$ XX.X	X.X%	\$ XX.X	X.X%
Earned Revenue	\$ XX.X	X.X%	\$ XX.X	X.X%
Net Outlays	\$ XX.X	X.X%	\$ XX.X	X.X%
Other Revenues	\$ XX.X	X.X%	\$ XX.X	X.X%
Revenues less Outlays	\$ XX.X	X.X%	\$ XX.X	X.X%
Total Government (Social Security, Medicare, and Rest of Government)				
Outlays in Excess of Revenues	\$ XX.X	X.X%	\$ XX.X	X.X%
Debt Held by Public	\$ XX.X	X.X%	\$ XX.X	X.X%
Fiscal Imbalance *	\$ XX.X	X.X%	\$ XX.X	X.X%
Other Sustainability Measures				
Total Government Fiscal Gap **	\$ XX.X	X.X%	\$ XX.X	X.X%
Summary of Net Outlays				
Social Security	\$ XX.X	X.X%	\$ XX.X	X.X%
Medicare Part A	\$ XX.X	X.X%	\$ XX.X	X.X%
Medicare Part B and D	\$ XX.X	X.X%	\$ XX.X	X.X%
All Other	\$ XX.X	X.X%	\$ XX.X	X.X%
Total	\$ XX.X	X.X%	\$ XX.X	X.X%

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	75-Years		Infinite Horizon	
	PV Dollars	%GDP	PV Dollars	%GDP
Summary of Revenues				
Social Security	\$ XX.X	X.X%	\$ XX.X	X.X%
Medicare Part A	\$ XX.X	X.X%	\$ XX.X	X.X%
Medicare Part B and D	\$ XX.X	X.X%	\$ XX.X	X.X%
All Other	\$ XX.X	X.X%	\$ XX.X	X.X%
Total	\$ XX.X	X.X%	\$ XX.X	X.X%
Fiscal Imbalance per:				
Citizen	\$ XX.X		\$ XX.X	
Full-time Worker	\$ XX.X		\$ XX.X	
Household	\$ XX.X		\$ XX.X	

Net Outlays by Cohort

Social Security

Current Beneficiaries	\$ XX.X	X.X%	\$ XX.X	X.X%
Other Current participants	\$ XX.X	X.X%	\$ XX.X	X.X%
Future Participants	\$ XX.X	X.X%	\$ XX.X	X.X%

Medicare

Part A

Current Beneficiaries	\$ XX.X	X.X%	\$ XX.X	X.X%
Other Current participants	\$ XX.X	X.X%	\$ XX.X	X.X%
Future Participants	\$ XX.X	X.X%	\$ XX.X	X.X%

Parts B and D

Current Beneficiaries	\$ XX.X	X.X%	\$ XX.X	X.X%
Other Current participants	\$ XX.X	X.X%	\$ XX.X	X.X%
Future Participants	\$ XX.X	X.X%	\$ XX.X	X.X%

Total Social Security and Medicare	\$ XX.X	X.X%	\$ XX.X	X.X%
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* The fiscal imbalance is the present value of net receipts/outlays plus public debt. The fiscal imbalance illustrates the amount of present value dollars that would be necessary to balance future outlays and receipts and repay existing debt. The fiscal imbalance measure places no constraints on the level of debt. However, excessively high levels of debt can have serious negative consequences on the Government through substantial interest cost in relation to receipts and be unsustainable in attracting investors.

** The fiscal gap assumes the public debt is maintained at a constant percentage of GDP. Fiscal gap measures assist in understanding the effect of allowing public debt to increase as a constant percentage of GDP. It illustrates the amount of present value dollars that would be necessary to maintain public debt as a constant percentage of GDP.

Sample 10- Alternative Statement Format

Sample 10 was adapted from a proposal by one of the technical experts who met on April 5, 2007.

Part 1- Summary of Federal Financial Condition

Line	Item	Past Years				Current Year								
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012			
	OPERATING COSTS													
1	Gross Operating Costs													
2	Less: Earned Program Revenue													
3	Less: Taxes and Other Revenues													
4	Current Net Operating Costs													
	BALANCE SHEET													
5	Assets													
6	Less: Liabilities													
7	Net Position													
							<i>Projections</i>							
							2008	2009	2010	2011	2012			
	FUTURE IMPLICATIONS OF CURRENT POLICIES¹													
	Social Security:													
8	Net Benefits of Past and Living Generations: ³													
9	Future Net Benefits of Living Generations													
10	Less: Trust Funds													
11	Net Benefits of Future Generations ^{2,4}													
12	Unfunded Costs: Social Security² (sum of lines 8 and 11)													
	Medicare²													
13	Net Benefits of Past and Living Generations: ³													
14	Future Net Benefits of Living Generations													
15	Less: Trust Funds													
16	Net Benefits of Future Generations ^{2,4}													
17	Unfunded Costs: Medicare² (sum of lines 13 and 16)													

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Line	Item	Past Years				Current Year	Projections				
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Rest of Federal Government ²										
18	Present Value of Costs:										
19	Present Value of Expenditures										
20	Debt Held By Social Security Trust Funds										
21	Debt Held By Medicare Trust Funds										
22	Less: Present Value of Receipts										
23	Less: Net Assets (line 5)										
24	Unfunded Costs: Rest of Federal Government ²										
25	Total Unfunded Costs (sum of lines 12, 17, and 24)										

¹ Present values of future dollar flows for open group using a discount rate of x percent. All estimates are for calendar years.

² Calculated in perpetuity.

³ One-hundred year closed group liability. Living generations include those aged 15 and older.

⁴ Future generations include those aged 14 and younger and unborn generations (population projections provided by ...).

Part 2: Federal Financial Condition – Net Unfunded Obligations by Future Period

Line	Item	Time Horizon in Years Including the Current Year (2007) ¹						
		5	10	25	50	75	100	All
1	Total Federal Obligations Under Current Policies ¹							
2	Social Security							
3	Medicare							
4	Rest of Federal Government							

1. Explanation of revenue and expense assumptions for “current policies”

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Discussion of Samples 9 and 10

The group believes that the information displayed in Samples 9 and 10 is extremely valuable, but that too much detail is displayed for some segments of the audience.

In addition, in Sample 9, the distinction between “fiscal imbalance” and “fiscal gap” is unclear. A potential statement should not introduce two new terms that appear to be somewhat similar.

The group proposed a simplified format, shown below. The simplified, condensed format could be required in addition to the more detailed reporting in Samples 9 and 10.

Simplified format:

Statement of Sustainability

As of September 30, 20XX

(in trillions)

	<u>75 Years</u>		<u>Infinite Horizon</u>	
	PV		PV	
	Dollars	%GDP*	Dollars	%GDP
Receipts				
Social Security taxes	\$ XX.XX	X.X%	\$ XX.XX	X.X%
Medicare taxes	XX.XX	X.X%	XX.XX	X.X%
All other revenue	XX.XX	X.X%	XX.XX	X.X%
Total Receipts	\$ XX.XX	X.X%	\$ XX.XX	X.X%
Outlays				
Social Security	\$ XX.XX	X.X%	\$ XX.XX	X.X%
Medicare	XX.XX	X.X%	XX.XX	X.X%
Medicaid	XX.XX	X.X%	XX.XX	X.X%
All other outlays	XX.XX	X.X%	XX.XX	X.X%
Total Outlays	\$ XX.XX	X.X%	\$ XX.XX	X.X%
Fiscal Imbalance	\$ XX.XX	X.X%	\$ XX.XX	X.X%

Fiscal Imbalance per:

Citizen	\$ XX.XX	\$ XX.XX
Full-time Worker	\$ XX.XX	\$ XX.XX
Household	\$ XX.XX	\$ XX.XX

* Gross Domestic Product can be roughly defined as all of our nation's income or everything the country produces.

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The group agreed that if Sample 10 is used,

- Lines 1 through 7 were unnecessary, and would not tie to the balance sheet, because only “financial assets” are included in Sample 10.
- There is far too much detail; only the line in bold should appear.
- If used, needs agreement on assumptions and narrative to explain both assumptions and implications.

Staff recommendations

1. Staff recommends that staff should draft several reporting options that include:
 - specific requirements, including required narrative, for the Management Discussion and Analysis (MD&A), and
 - a proposed statement of fiscal sustainability (SoFS).
2. Staff recommends that the options should include adaptations of the following samples:
 - Sample 3, with narrative explaining consequences and backup that includes the underlying data (Sample 1)
 - Sample 6, with narrative and additional time periods to show trends
 - Sample 7, for current period and going forward, with narrative
 - Sample 8, with narrative and technical issues to be discussed
 - Sample 9, with simplified version and narrative
 - Sample 10, Part 2, with some breakout but less than Part 1, and narrative
3. Staff recommends that the Board’s consideration of the potential placement of the SoFS (principal financial statement or RSI) be deferred until the Board has discussed the content of the reporting (e.g., which tables, graphs and/or narrative elements would be included, and/or the contents of a potential proposed SoFS).

Questions for the Board:

1. Does the Board agree with staff recommendations above?
2. Are there any options (included in the Samples or not) that should be added?
3. Should any of the options in recommendation 2 above be excluded?

Attachment:

Letter dated June 4, 2007 that was sent to the Communications members of the Task Force