

Federal Accounting Standards Advisory Board

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FASAB Establishes Fiscal Sustainability Task Force

Mr. Tom L. Allen, chairman of the Federal Accounting Standards Advisory Board (FASAB), announced the formation of a new task to develop recommendations for reporting on the fiscal sustainability of the federal government's policies. One of FASAB's federal financial reporting objectives—the stewardship objective—includes enabling readers to determine whether future budgetary resources will likely be sufficient to sustain public services and to meet obligations as they come due.

Mr. Allen noted that “meeting the stewardship objective will require non-traditional approaches that complement and enrich information from balance sheets and operating statements. I expect that reporting on fiscal sustainability will include information about the national economy, the size of the federal budget, and fiscal trends of current policy. The task force members have been selected carefully to ensure we have input from those experienced with economic projections, development of key indicators, and federal budgeting. The task force will provide essential input to the Board and I am grateful that so many talented individuals are volunteering their time.”

Task Force Members

The task force members are:

Joseph Antos, Wilson H. Taylor Scholar in Health Care and Retirement Policy,
American Enterprise Institute

James Duggan, Senior Economic Advisor for Social Security, Office of Economic
Policy, U.S. Department of the Treasury

Richard Foster, Chief Actuary, Center for Medicare and Medicaid

Jagadeesh Gokhale, Senior Fellow, Cato Institute

Stephen Goss, Chief Actuary, Social Security Administration

Patrick Locke, Chief, Budget Analysis Branch, Office of Management and Budget

Thomas McCool, Director, Center for Economics, Government Accountability
Office

Benjamin R. Page, Principal Analyst, Macroeconomic Analysis Division,
Congressional Budget Office

Allen Schick, Visiting Fellow in Governance Studies, Brookings Institution

Eugene Steuerle, Co-director, Urban-Brookings Tax Policy Center; Senior
Fellow, Urban Institute

Next Steps

The task force will meet in early April and recommendations are anticipated before the end of 2007. In addition to the technical experts currently serving on the task force, the Board plans to expand the task force later this year to include advisors on communications. The additional task force members, representing Congress, academia, and the media, will be asked to advise the Board on how to make financial statement reporting on fiscal sustainability understandable and meaningful to readers. Ideally, the final recommendation will include both recommended content and options for ensuring that the information is communicated effectively.

Social Insurance: Call for Public Comment and Public Hearing

The fiscal sustainability effort follows closely behind a current FASAB project to address Accounting for Social Insurance. In October 2006, the Board released a Preliminary Views document presenting two perspectives regarding appropriate liability recognition for obligations arising in “social insurance” programs, which are key programs such as Social Security and Medicare. In addition, the Preliminary Views document includes an alternative view proposing to require a Statement of Fiscal Sustainability for the government’s consolidated financial report that would provide projections for the entire Government, including information necessary to assess the sustainability of social insurance programs and information on intergenerational equity. The Preliminary Views document in PDF format and the specific questions raised in Word format are available at the FASAB website (<http://www.fasab.gov/exposure.html>). In addition, the Board plans to hold a public hearing on the Preliminary Views document at the May 23, 2007 FASAB meeting. Comments are welcome on all aspects of the Preliminary Views document.

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government’s duty to be publicly accountable and can be used to assess (1) the government’s accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: www.fasab.gov.