>> Rebecca Hendrick <hendrick@uic.edu> 12/30/2008 5:05 PM >>>
Wendy, ABFM took you up on your offer to provide a coordinate a reponse to the FASAB statement on "Reporting Comprehensive Long-Term Fiscal Projections for the U.S. Government." Our comment is attached. Let me know if you need more documentation on our section.

Thanks!

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Response to the Statement of Federal Financial Accounting Standards

REPORTING COMPREHENSIVE LONG-RANGE FISCAL PROJECTIONS FOR THE US GOVERNMENT

The Association for Budgeting and Financial Management (ABFM) strongly endorses the Federal Accounting Standards Advisory Board's (FASAB) efforts to include new long-range budgetary, financial, and fiscal policy information in U.S. Federal government financial statements. FASAB's exposure draft, "Reporting Comprehensive Long-Term Fiscal Projections for the U.S. Government," (September 2, 2008), proposes a number of options for providing this information in order (1) to assist readers assess the changing nature of the government's finances, and (2) assist the reader "determine whether future budgetary resources will likely be sufficient to sustain public services and to meet obligations as they come due."

The ABFM, for example, welcomes the recommendations for the enhanced use of graphics and visual displays to indicate economic and fiscal trends, greater disaggregation of revenue and expenditure data for the principal entitlement programs, and adding data on trends of foreign holdings of U.S. Treasury debt. In addition to these suggestions considered in the FASAB statement, ABFM recommends that to mitigate potential problems of false certainty regarding future budget outcomes, the projected budgetary information should not be presented solely as "point estimates" of a single value, rather as ranges of likely outcomes. There are many ways to accomplish this, and the required technical expertise to provide this information is already present in the federal government. Furthermore, an analysis and presentation of conditions for fiscal sustainability should be made in the financial statements. The ABFM supports the inclusion of information such as these that strengthen the transparency of government fiscal activities and clarify their long-term implications for both the policy-maker and for the average reader.

The ABFM notes that a common trade-off exists between the presumed benefits of creating new data, such as long-range budget forecasts, and the administrative costs of generating these data by OMB and other federal agencies. The goals and recommendations outlined in the FASAB statement, however, would benefit a variety of budget users. Policy makers would gain access to more accurate information about the sustainability of current and future economic and their own budgetary decisions. Moreover, the general public, public interest groups, the press, and scholars would also benefit from this increased access to information, so as to better evaluate policy proposals and the sustainability of federal government finances. Thus, the ABFM views the overall benefits of the options now being considered by FASAB to far outweigh these costs.