

Name : Sam Gutterman _____

Title/Organization (if applicable) : consulting actuary _____

Contact information : sam.gutterman@us.pwc.com _____

Date January 5, 2009

Comments on exposure draft, *Comprehensive Long-Term Projections for the U.S. Government*

General: The following are general comments:

1. I applaud the emphasis on estimates of long-range financial effects of current U.S. Government policy and programs. I would also encourage the use of such long-range projections in the course of regular decision-making by the U.S. government, although that is certainly outside the scope of FASAB.
2. I note that this ED only applies to the U.S. government on a consolidated basis. It is not clear why this is so limited. It would be just as appropriate at an agency-wide or program-specific level as well.
3. It is not clear what the relationship would be between this ED and SFFAS 33. In several respects, especially regarding assumptions to be used for long-term liabilities, they appear inconsistent. For example, SFFAS 33 requires the use of a discount rate based on a weighted average of at least five years of interest rates of U.S. Treasury securities, while, for example, discount rates used in the SOSI by SSA and Medicare reflect expected asset-based discount rates over the short-range and a long-term best estimate over the long-range. The proper discount rate(s) to be used to appropriately display trends needs to be carefully considered. In addition, although it appears as if this will require consistent long-range assumptions government-wide, it will certainly represent a significant change in the assumptions made for many long-range obligations, e.g., for retirement plans and OPEB.
4. Although the ED includes a discussion of current demographic and economic assumptions, there are several areas regarding possible policy changes that may need further clarification. For example, the current U.S. Government cash budget typically makes a specific assumption regarding military conflicts over the short-range period. It is not clear what the assumptions should be regarding such conflicts in the longer range future, or other possible factors such as global warming. In the latter case, a section describing some of the major currently foreseeable risks that may have a significant affect on the projections would be appropriate, e.g., major global warming, a long lasting depression, or a worldwide military conflict. In addition, a discussion of sustainability of U.S. Government should also include a discussion of the sustainability of some of the major U.S. industry segments. An example given in the current Medicare SOSI regards the expectation that, if no significant changes occur, there is a question as to the sustainability of the U.S. health care system that could in turn affect the Medicare system projections.

5. The ED calls for the use of consistent assumptions across all long range projections. Although outside the scope of the proposed FASAB standard per se, considerable additional work would be needed to measure the long-range expected cash flows for U.S. Government programs involving a long-term liability and SOSI program assumptions using consistent assumptions. For example, if required, it may take some time to apply Social Security demographic and economic assumptions in the valuation of pension obligations of parts of the government, such as for U.S. military personnel and that of civil servants.
6. It may be useful to clarify whether assumptions should reflect best estimate assumptions or their expected value on a probability-weighted basis reflecting a range of possible assumptions. This issue is particularly applicable to programs that include guarantees, including loan guarantees, e.g., associated with the current bank bail-outs, and those with interest rate or credit thresholds, whether they are currently in-the-money or out-of-the money. The effect of some of these guarantees may be substantial, thus potentially threatening the sustainability of those programs, if not the entire government. If the U.S. Government owns previously private banks to a significant extent, the expected cash flows associated with this ownership should be reflected, although the implications of expected resale of these assets may have to be addressed here as well.

It may also be difficult to apply a consistent set of ranges on a government-wide basis; nevertheless, it is worth pursuing this consistency if possible. In addition, key drivers of experience may be different for different programs. In addition, to enable suitable sensitivity tests to be illustrated, it may be useful to further disaggregate results.

7. The ED seems to imply that the major purpose of this report is to evaluate those programs whose results are currently included in the Statement of Social Insurance. I believe that other programs are also important to view on a long-range basis, although they may not individually be of the same long-range size as the SOSI programs. Other programs, such as the current and ultimate cost of maintaining active armed services, are also obviously quite important to assess.
8. Every effort should be made to minimize the number of options provided by the final standard, although particularly for disclosure purposes, the form of the illustrations should be made optional, as programs change from time to time and enhanced displays be strived for and will hopefully be refined/expanded in the future.
9. In providing information that will hopefully enable users to develop a view regarding the sustainability of the U.S. Government and its programs that have a long-range effect, more than just a single number for a long period of time is needed. Values over several durations, such as 10, 25, 50 and 75 years. Although a qualitative assessment of future conditions after the terminal period for calculation purposes, such as 75 or 100 years, would be meaningful, inclusion of values after this period is so speculative as to not be worth the resources to produce them.

10. A clear description of the objective of the proposed report should be included in the report. Simply referring to it as a sustainability report would not be sufficiently descriptive to provide a context for users. In addition, a description of the flexibility and limitations of government to meet a significant sustainability issue would be useful, e.g., that to at least an extent taxes might be raised if conditions so warrant and politics permits.
11. In some cases, it may be a challenge to apply a consistent valuation date, as detailed SOSI and other long-range projections can be made up to twelve months prior to the fiscal year-end. Any significant update in the programs or economic/demographic expectations may have to be reflected, at least to the extent that an estimate can be made, rather than being based on a detailed valuation. In addition, in some cases, programs, although enacted prior to the fiscal year-end, may not be scheduled to go into effect until after the fiscal yearend period; the expected cash flows associated with those programs should be reflected at the fiscal yearend.
12. Note that the items in paragraph 40 are not necessarily 'limitations', but rather principally provide information regarding the scope of proposed statement.

Q1. This exposure draft proposes reporting that would support FASAB Objective 3, Stewardship, and in particular, Sub-Objective 3B:

Objective 3: Federal financial reporting should assist report users in assessing the impact on the country of the government's operations and investments for the period and how, as a result, the government's and the nation's financial condition has changed and may change in the future.¹

Sub-Objective 3B: Federal financial reporting should provide information that helps the reader to determine whether future budgetary resources will likely be sufficient to sustain public services and to meet obligations as they come due.²

More detailed discussion of the reporting objective and the objectives of fiscal sustainability reporting can be found in paragraphs 1 through 8.

Do you believe that the proposed reporting adequately supports the above objectives? Are there different reporting requirements that might better support the above objectives or that you believe should be added to the proposed requirements in this exposure draft? If so, please explain.

¹ SFFAC 1, par. 134.

² SFFAC 1, par. 139.

Comment: Although I believe that such reporting may prove useful in contributing a long-term perspective into governmental operations and its sustainability, it needs to be remembered that, through the power to tax, it is highly unlikely that the U.S. Government will default on its debt, although a more prudent view of its programs and a reallocation of resources are more likely. Nevertheless, it is important to evaluate the long-term costs of key programs, especially those of an entitlement nature due to their long-term financial impact, such as those indicated. It is important for users to be provided an understanding of the fact that there will be long-term financial trade-offs between programs. As such, disaggregated information by major program and area of spending and trends in share of future federal budgets provided should prove useful, although for certain programs, the Statement of Social Insurance can satisfy these needs. The display of projections for individual programs 'should be' presented, rather than 'may be' presented, as indicated in 42(d).

- Q2.** In this proposed Statement, projections are prepared not to predict the future, but rather to depict results that may occur under various conditions. Accordingly, projections require assumptions to be made about the future. This exposure draft proposes broad and general guidance for selecting policy, economic, and demographic assumptions for long-term projections with a primary focus on the future implications of the continuation of current policy without change for federal government public services and taxation. The guidance begins at paragraph 19. Paragraph 28 explains that although current law is a reasonable starting point in selecting policy assumptions, a simple projection of "current law" would not always reflect current policy without change. Examples are provided.

Do you believe that the guidance for assumptions is appropriate? If not, please suggest alternative guidance. Please provide the rationale for your response.

Comment: It is appropriate to use a principle-based approach to provide guidance for assumption setting. Further guidance would be appropriate to avoid conflicts between FFSAB 33 and this proposed standard. In addition, although most long-range assumptions relate to either economic, demographic or policy-related factors, others parameter inputs are possible as well. For instance, should the preparer assume that resources will be devoted to military conflicts as is the case today? Certainly it may not be appropriate to assume that whatever the current military conflicts are at the measurement date continue indefinitely, or if none is current that there will never be another in the future.

In addition, although the ED indicates that assumptions should be consistent across all governmental programs, this may prove quite difficult to accomplish in practice, as for example, discount rates and economic assumptions are currently developed in a quite different manner among government programs, e.g., the military pension plan and Social Security. Unless current assumptions are changed in certain programs (and unless SFFAS 33 is changed), two separate sets of calculations would have to be made in several cases. Although it would be a good idea for the estimates to be based on 'similar' or 'consistent' bases, it

may not be worth the resources needed to make them identical, unless materiality makes it necessary. This is due in part to the complexity of some of the assumptions involved, but in any case would require cooperative effort across government departments or from a designated source. Nevertheless, it would be appropriate for a single estimate of GDP to be used, if possible. If consistency is required, from a practical operational standpoint, it would have to be decided how the single set of assumptions would be developed. Note that I don't believe that estimates of certain relevant program costs over a 75 year period have been made, such as the cost of the VA's health care system and benefits.

Several additional measurement factors should be discussed, such as how to treat tax rule changes written into current law, expectations regarding continuation of current military conflicts, and when current law indicates that, for example, Social Security payments cannot be made when its Trust Fund would otherwise become negative.

Q3. This exposure draft proposes a basic financial statement³ and disclosures. (Description begins at paragraph 35 and an illustrative example of the basic financial statement is provided in Appendix B.) The Board has indicated that the primary audiences for the consolidated financial report of the U.S. Government (CFR) are citizens and citizen intermediaries such as journalists and public policy analysts.

Do you believe that the basic financial statement and disclosures would be understandable and meaningful for the primary audiences of the CFR? Please note any changes that you believe should be made to the proposed requirements for the basic financial statement and/or the disclosures.

Comment: I believe, to the extent that a user can fathom the size of the U.S. Government, the general approach described would be understandable. I do not have a strong opinion regarding whether the proposed report should be included in the basic financial statement or in disclosures, as long as the information is fairly prepared and transparently presented. Nevertheless, unless audited the values may prove to have less credibility in the eyes of certain users who are used to seeing numbers that have been subject to an auditing process.

I see no reason why both % of GDP and present values cannot both be provided, as different users will be more comfortable with one or the other. In addition, comparison of values with those of the prior year would provide useful information.

³ The basic financial statement will be presented as RSI for a period of three years and subsequently as a basic financial statement.

Q4. The Board is proposing that the basic financial statement display the difference between projected revenue and projected spending, and that the fiscal gap (the change in non-interest spending and/or revenue that would be necessary to maintain public debt at or below a target percentage of gross domestic product (GDP)) must be reported either on the face of the basic financial statement or in a disclosure. Also, the fiscal gap may be reported for a specific debt level or over a range of debt levels (see paragraph 38). Both options for reporting fiscal gap are illustrated in Appendix B (see pages 51 (narrative on the face of the financial statement) and 61(disclosure)). See paragraphs A60-A63 in the Basis for Conclusions for an explanation of the pros and cons of the options.

a. Do you agree with the flexible requirements for reporting fiscal gap?

Comment: I believe that it is appropriate to provide flexible, principle-based requirements. I also believe that, to provide an indication of sustainability, summary information should be provided over more than one period, e.g., 75 years. Summary information over periods such as 10, 25, 50 and 75 years (and in some cases annual information) would be useful to indicate the significance of trends.

The implication that the targeted level of GDP over the long-term is the current debt level may be inappropriate. The display of the fiscal gap should be reviewed to determine whether it can be presented in a more straightforward manner, based on a range of targeted levels, that should not necessarily be subject to change over each reporting period as the current level changes. The current debt level is not necessarily a desirable or sustainable target; any given level can only be viewed as arbitrary or one that is a subject to the users risk preferences. Of course, if the U.S. Government sets such a target in the future, that should be disclosed. In addition, a margin metric, similar to what is used for Social Security, comparing the percent of outgo to that of income might be just as interesting, presented over the several periods, if not each year.

I don't believe that having an open choice of whether the fiscal gap should be on the face of the financial statements or in the disclosures is desirable. The location should be specified, most likely in the disclosures, but I don't have a strong opinion on this.

Note that 'fiscal gap' is not a common term. Would something like 'funding gap' or 'funding margin' be more appropriate?

b. Do you believe that the illustrative disclosure (Illustration 8 in Appendix B) is clear and understandable?

Comment: Even someone experienced has to really work to understand Illustration 8, although I do not have a specific suggested alternative. In

addition, I personally do not like charts like 8a that do not start at 0, unless it is made clear that that is not the case.

Q5. Finite and infinite time horizons for fiscal projections are discussed in the Basis for Conclusions, paragraphs A53 through A59. This exposure draft proposes the following requirements regarding time horizons for projections: (a) the projections presented in the basic financial statement should be “sufficient to illustrate long-term sustainability” (for example, traditionally the Social Security program has used a projection period of 75 years for long-term projections); (b) projections for both a finite and an infinite horizon should be provided, one in the basic financial statement and the other in the disclosures; and (c) either the basic financial statement or the disclosures should include projections for Social Security and Medicare based on the time horizon used for long-term projections for Social Security and Medicare in the Statement of Social Insurance (SOSI).

a. Do you believe that the above requirements for time horizons are appropriate to meet the reporting objectives of Fiscal Sustainability Reporting? Specifically, do you believe that data for both finite and infinite horizon projection periods should be reported? If not, please explain.

b. Do you believe that there should be a specific time horizon requirement (for example, 75 years) for the basic financial statement for Fiscal Sustainability Reporting and/or the SOSI? If so, what time horizon do you believe should be required?

Comment: I do not believe that the illustration of information over an infinite horizon provides meaningful and understandable information for the users of this report. That said, it is important to indicate the positive or negative direction of expected net payments after the terminal period illustrated, say 75 years.

75 years has been used for a long time for Social Security projections -- I see no immediate need to change this period, even though I believe that the original reason for the selection of that period was to reflect an average lifetime, and that average lifetime has since increased by more than 5 years. It would be desirable to use the same time period for both SOSI and the proposed report.

One approach, as indicated in my response to Q4, is to provide similar information over sub-ranges of years (some graphical displays may usefully indicate year-by-year projection results), in part so that the user can see what the trend might be after the terminal projection year but more importantly to indicate long-term trends. In addition, to provide further qualitative observations of any expected trend after the terminal illustration year as part of the financial reporting disclosures.

Q6. The Board’s mission is to issue reporting requirements for the federal government’s general purpose financial statements, and not to recommend budget policy. This exposure draft proposes a title for the basic financial statement:

“Long-Term Fiscal Projections for the U.S. Government.” An alternative title, “Statement of Fiscal Sustainability,” might imply to some that the Board has established or plans to establish specific rules that define “fiscal sustainability” and/or budget rules that would result in fiscal sustainability. However, others have indicated that the “plain English” meaning of the words “fiscal” and “sustainability” should be adequate, and that the title “Statement of Fiscal Sustainability” might be more appropriate.

The Board’s working definition of “fiscal sustainability” is explained in the Basis for Conclusions, paragraph A3. The concept of “Financial Condition” is explained in the Basis for Conclusions, paragraphs A7 and A8.

Do you believe that the basic financial statement should be titled

- a. “Long-Term Fiscal Projections for the U.S. Government,”
- b. “Statement of Fiscal Sustainability,”
- c. “Statement of Financial Condition,” or
- d. A title not listed above (please specify).

Please explain the reasons for your choice.

Comment: Of the choices provided, (a) seems to me to be the best. As long as the government has additional contingent resources (such as increased taxes), the concept of sustainability is somewhat subjective in nature. Given the government’s potential resources, it may be a difficult concept to communicate to the average user. It would be better to disclosure through its title exactly what the proposed report covers, that is, fiscal projections and ability to sustain borrowing based on financial resources (as we have seen in the private sector, sometimes trust and confidence is as much of a factor in sustainability as is financial resources), rather than the sustainability of overall government services. If the word ‘sustainability’ is used, its meaning should be clearly spelled out in the context of government current and potential resources.

Q7. This exposure draft proposes a minimum level of disaggregation for the basic financial statement. For projected receipts, major programs such as Medicare and Social Security would be shown separately from the rest of government. For projected spending, major programs such as Medicare, Social Security, and Medicaid would be shown separately from the rest of government. (See paragraphs 36 and A46-A49.)

a. Do you believe that the above general guidance provides for an appropriate level of disaggregation in the basic financial statement? Please explain the basis for your views.

b. Do you believe that specific line items (instead of or in addition to the “major programs” required by paragraph 36 of the ED) should be disaggregated in the basic financial statement? If so, please identify the line items and explain your reasoning.

Comment: Further disaggregation would be desirable. Although it is important to provide information regarding the financial sustainability of the government as a whole, it may be even more important to recognize the extent to which major programs are not sustainable, and therefore need to be revised. In addition, because programs such as Medicare and Social Security will be tremendously large in the future, it would be inappropriate for information regarding their operations to overwhelm information about other major programs. Therefore separate information should be provided about them, rather than just indicating that they are in the other category. For example, a line might be devoted to the sum of the programs of the DOD and the VA and a breakdown and attribution of major sources of revenue should be shown. These separations would enable the user to assess whether these sources are sustainable or whether resource allocation decisions are needed and a rough idea as to when such allocation decisions need to be taken. It is important that explicit long-range projections should be made for all significant government programs of a long term nature, including defense expenditures, entitlement and retirement programs.

Q8. This exposure draft proposes that disclosures should explain and illustrate the major factors impacting projected receipts and spending (such as the rising cost of health care) (see paragraph 42(a)). Illustrative examples in Appendix B begin on page 52).

a. Do you believe that an explanation and illustration of the major factors impacting projected receipts and spending will be helpful to readers? Please explain the basis for your view and note any recommended changes in the requirements.

Comment: I cannot conceive of including something like what is being proposed without at the same time providing disclosure as to the major factors impacting future receipts and spending. In addition, meaningful sensitivity or stress test results should be provided to provide perspective as to the uncertainty involved in the projections, although the sensitivities displayed should be of a reasonably manageable number. This should be developed to provide the user with a more meaningful indication of sensitivities to alternative scenarios and of the uncertainty associated with projections over the long-term. Stochastic analysis should be conducted where it can provide meaningful insights.

b. Do you believe that the display of a range for major cost drivers and/or major programs, as shown in Illustrations 1a and 1b in Appendix B should be optional or mandatory? Please explain the basis for your view.

Comment: The display of ranges should be required. Nevertheless, care is needed to explain the values used. For example, that the cost effect and the measure used to determine it are consistent (e.g., health care costs for the aged should preferably be divided by the number of those eligible for such benefits and not the entire population). Ranges can provide useful information if illustrated and displayed appropriately and explained adequately.

Q9. This exposure draft proposes that the results of alternative scenarios be provided. Paragraph 42(d) provides that the present value of projected receipts, spending and the net of receipts and spending be presented for each alternative scenario. Optionally, projections for alternative scenarios may be displayed in a table format (see Illustration 7 in Appendix B).

a. Do you believe that the proposed requirement for alternative scenarios is appropriate? Please explain the basis for your view.

Comment: The proposed requirement seems appropriate. Projection of costs of the government involves significant uncertainty. The only way that this can be effectively conveyed is through the use of alternative scenarios or assumptions, whether deterministically or stochastically derived. The scenarios should be determined to be reasonably possible, and the values used may change from year-to-year.

b. Do you believe that the requirements for additional information regarding alternative scenarios are sufficient? If not, please explain the basis for your view and what additional information you propose.

Comment: Yes, they appear sufficient.

Q10. This exposure draft proposes disclosures consisting of narrative and graphic displays to effectively communicate to the reader historical and projected trends and to help the reader understand the major drivers influencing projected receipts and spending. The requirements begin at paragraph 39 and illustrations begin on page 52.

a. Do you believe that the disclosures would help the reader understand the basic financial statement?

Comment: Yes. Of course, care is needed that the basis for the projections and implications concerning sustainability should be described in an easy-to-understand manner.

b. Are there any items that you believe should be added to, or deleted from, the disclosures? If so, please explain.

Comment: None. As time goes on, it may be appropriate for further illustrations be added as found useful or some eliminated as found to add limited value. A few observations on specific illustrations follow.

I do not see that an age pyramid as shown in Illustration 2 is particularly relevant here, although it is useful for the users to recognize the significant impact of demographic forces. This is certainly only one of many such factors. What is

more importance is the effect of the long-term demographic shifts, although explaining the effect of such shifts can be of importance.

It would be useful to indicate in Illustration 4 when displaying budget (surplus) information whether it is the official cash budget or an incurred budget.

Although I have no problem with the form of Illustration 5, I question the size of the ultimate level of federal debt. Are these realistic projections? In any case, the prime driver(s) should be thoroughly discussed. If the explanation is not sufficient, then either additional information is needed, an alternative display should be designed or the projection questioned.

I am unsure why a reduction in spending was chosen for Illustration 6. Alternatively, an equivalent increase in revenue could also be illustrated. Or possibly both could be displayed, indicating that if both alternatives are addressed, a smaller percent of each would suffice to address the problem.

c. Do you believe that the final accounting standard should include an appendix that displays illustrative disclosures (see Appendix B)? Why or why not?

Comment: Yes. However, it should be emphasized that they are illustrative only, and that deviations can be made if they are determined to be more appropriate than those given. It would be appropriate that the FASAB reviews after a passage of time, say three to five years, to ensure that the disclosures remain meaningful and revise them, if appropriate.

Q11. The Frequently Asked Questions (FAQs) at Appendix C provide a “plain English” explanation of terms and concepts used in long-term projections.

a. Do you find the FAQs helpful?

Comment: Yes.

b. Should the Treasury Department be encouraged to include any of the FAQs in the CFR to promote understandability of the terms and concepts? If so, please specify the FAQs that should be considered for inclusion (and/or exclusion).

Comment: The FAQs would add value for many potential users. However, it appears appropriate that these and the Glossary be carefully constructed to avoid undue overlap.

Q12. Effective Date and Phased Implementation: This proposed Statement would be effective for periods beginning after September 30, 2009 with earlier implementation encouraged. This proposed Statement would require that the financial statement and the disclosures be included in Required Supplementary Information (RSI) for the first three years of implementation, and basic information (for example, basic financial statement and disclosures) for all subsequent years.

- a. Do you believe that this implementation date is reasonable and appropriate?
- b. Do you agree with the phased implementation period (3 years)?
- c. Do you believe that some or all of the required information should remain as RSI after the 3-year implementation period? If so, please explain the basis for your view.

Comment: Given the time that it will take to initially develop the values required by this ED, especially for programs not now reporting a Statement of Social Insurance, it would seem to be more appropriate to include two optional years, or expressed in terms of a required implementation date with early adoption encouraged. I do not have a strong feeling as to whether it should remain as RSI.

Q13. A significant minority of members supported a proposal that there should be RSI regarding trends in the proportion of U.S. Treasury debt held by foreign investors. This information would remain as RSI and would not be subject to the phased-in implementation in paragraph 44. (See paragraphs A64 –A68 in the Basis for Conclusions for a discussion of this proposal and Illustration 10 in Appendix B.)

- a. Do you believe that including RSI regarding the foreign holdings of U.S. Treasury debt would be relevant and useful in meeting the objectives of fiscal sustainability reporting? Please explain why or why not.

Comment: Yes, it would provide useful information in the proposed report. In addition, a trend in the amount and percent of foreign holdings would be useful. Nevertheless, it should be pointed out that, although this factor should be considered when evaluating sustainability, a large percentage does not necessarily represent a sustainability problem, but it could develop into a problem if foreign holders lose faith in the finances of the U.S. Government.

- b. Do you believe that the illustrative example provided in Appendix B is clear and understandable?

Comment: Yes, although to illustrate trend, it may be more useful to have a line or bar chart instead. In addition, it may be useful to show a composition of all of the owners of the debt, e.g., OASDHI trust funds, other domestic holders and foreign owners. Also, some general indication of the maturity of the debt also might be useful.

Q14. A minority of members supported a proposal that if the proposed Comprehensive Long-Term Fiscal Projections for the U.S. Government indicate a significant fiscal gap, RSI (not subject to the phased-in implementation in paragraph 44) should include the identification, explanation, and fiscal impact of one or more policy alternatives that would reduce the fiscal gap. (See paragraphs A68–A74 in the Basis for Conclusions for a discussion of this proposal.)

Do you believe that if the proposed Comprehensive Long-Term Fiscal Projections for the U.S. Government indicate a significant fiscal gap, the statement and disclosures be accompanied by RSI that includes identification, explanation, and fiscal impact of one or more policy alternatives that would reduce the fiscal gap? Please explain why or why not.

Comment: Although it should be made clear whether a fiscal problem will likely exist in the future, the inclusion of an analysis of policy alternatives would turn the proposed report into a policy document, which does not appear to be appropriate. The objective should be to provide the user with useful financial information and objective input into decision-making processes.

That said, it certainly would be appropriate if the appropriate U.S. Government agency does use this information as input to such a separate policy-oriented document. It should be the regular task of other agencies in the government to provide policy options and an analysis of the long-range effect of policy options, which in many cases should not be limited to 10 years.

Q15. This exposure draft proposes that additional information that may be helpful to readers in assessing whether financial burdens without associated benefits were passed on by current-year taxpayers to future-year taxpayers (sometimes referred to as “inter-period equity” or “inter-generational equity”) be included as one way to meet a disclosure requirement for providing context for the data in paragraph 41(e). (See paragraphs A75 - A78 in the Basis for Conclusions for a discussion of this proposal.)

Do you believe that such information should be optional (as proposed in the exposure draft) or required? Do you believe that further research and analysis should be performed by FASAB to improve the disclosure of such information? Please explain the basis for your views and note any recommended changes for the presentation of inter-period or inter-generational equity.

Comment: I believe that the display of long-range financial projects, sufficiently disaggregated, over several time periods (noted in comments to Q4) should provide information that would be useful to assess inter-generational equity. No further refined calculations should be required in the proposed report.

No further comments.