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April 30, 2007

Wendolyn Comes, Executive Director
Federal Accounting Standards Advisory Board
441 G Street NW, Suite 6814
Washington, D.C. 20548

Subject: Response to Preliminary Views issued October 23, 2006
Accounting for Social Insurance, Revised

Dear Ms. Comes:

The experience of serving two terms in the United States House of Representatives (108th and 109th sessions of Congress), as well as serving as CEO of a publicly traded company for several years, leads me to strongly support the Primary View of the revised Accounting for Social Insurance Preliminary Views issued October 23, 2006.

I want to commend the FASAB for a sincere dialogue relating to federal accounting standards for social insurance. In many ways this is the most important challenge we face as a Nation. If we are unable to effectively address the Federal Government's unfunded liabilities, almost all other challenges are insurmountable.

There are few challenges that are bigger than the fact that under current law the Federal Government has accrued more than \$50 trillion in long-term liabilities and unfunded commitments, or about \$440,000 per household. As well as the fact that before the year 2030 the annual costs of social insurance will exceed all federal revenue.

In order to solve problems we must define problems and adopting the Primary View would be an important step in defining the daunting fiscal challenges this nation faces.

As a Member of Congress I attempted to help define this problem by co-authoring H.R. 5129, The Truth in Accounting Act. The Truth in Accounting Act simply required the Treasury Department, in coordination with the OMB, to begin reporting in the annual *Financial Report of the U.S. Government* a measure to track the costs of the Federal Government's long-term liabilities and commitments, based on accrual accounting principles.

Simply put, the measure would be the present value of projected spending minus projected revenues, over the 75-year and indefinite time horizons, for Social Security, Medicare, and other long-term obligations like federal pensions and retiree health benefits. The result would tell us the amount by which the government must reduce spending, reform programs, or raise revenue to immediately put our fiscal policies on a sustainable path.

Although the Truth in Accounting Act did not become law, adopting the Primary View would accomplish many of the same goals in achieving transparency and accountability, as well as highlight the fiscal implications of costs incurred during a reporting period.

In the private sector, publicly traded companies are required by law to report similar liabilities in their annual financial statements and in many cases accrue money to finance them. This gives the stakeholders and key decision makers the information they need to assess a business' financial condition and to set prudent fiscal policies.

By contrast, the federal budget process gives Congress and the president a pass to increase spending, regardless of the consequences. Lawmakers use backward-looking and limited, short-term measures that hide the shortfalls facing the government under today's policies.

As a former CEO of a publicly traded company, I find it very telling that if a publicly traded company used the same accounting practices as the Federal Government, the management of the company would probably go to jail.

The time for transparency and accountability in reporting social insurance liabilities of the Federal Government is long past. It is time for an accurate accounting as represented by the Primary View so that there is better public awareness of the fiscal challenges we face, resulting in better policies to address these challenges.

Thank you for providing the opportunity to discuss this very important issue.

Yours truly,

Chris Chocola