

COMMITTEE ON
APPROPRIATIONS

Congress of the United States
House of Representatives
Washington, DC 20515-1310

NORTHBROOK OFFICE:
707 SKOKIE BLVD, SUITE 350
NORTHBROOK, IL 60062
(847) 940-0202
FAX: (847) 940-7143

SUBCOMMITTEES:
STATE, FOREIGN OPERATIONS, AND
RELATED AGENCIES
FINANCIAL SERVICES

SUBURBAN AGENDA
CHAIRMAN

May 17, 2007

WAUKEGAN OFFICE:
20 SOUTH MARTIN LUTHER KING DRIVE
WAUKEGAN, IL 60085
(847) 662-0101
FAX: (847) 662-7519

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Wendolyn Comes, Executive Director
Federal Accounting Standards Advisory Board
441 G Street NW, Suite 6814
Mailstop 6K17V
Washington, DC 20548

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

Dear Ms. Comes:

I want to commend the FASAB for engaging in open public dialogue on federal accounting standards for social insurance. FASAB plays a key role in assuring independent and transparent accounting standards for the federal government. Recognizing the need to support FASAB, I introduced H.R. 5094, the Good Government Accounting Act, in 2002, advocating structural changes in the FASAB's membership consistent with the AICPA's recognition of the Board's "material independence."

On January 18 of this year, Federal Reserve Board Chairman Ben Bernanke testified before the Senate Budget Committee. He forcefully warned that the economy could be gravely damaged if social insurance programs are not restructured. "I think the right time to start is about ten years ago," he said. Unless we address the challenge of long-term fiscal solvency, this looming obligation will eclipse all other federal budget priorities.

The federal government has reported a FY06 cash flow deficit of \$248 billion. Additional accrued liabilities increase this deficit to \$450 billion. According to research published by the Institute for Truth in Accounting, the accrued but unfunded obligations of the federal government rose from \$20 billion at the end of FY2000 to \$50 trillion by the end of 2006. These unfunded obligations represent retirement benefit promises made to baby boomers who become eligible to receive them starting in 2008. By 2020, the cash flow needs of paying these benefits will crowd out funding for other government programs. U.S. Comptroller General David Walker has said that by 2040, we will spend more on entitlements, including Social Security and Medicare, than we will have in revenue coming in. By 2040, we will not have any money for education, or defense, or agriculture. We will not have any money for anything.

If a publicly-held corporation accumulated such an accounting deficit, the news would be on the front page of major news journal throughout the world. Public companies are required to

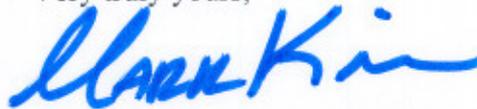
#67 account a way that assures transparency and accountability. We should expect no less from the Federal government. Mark Kirk Federal Other

I support the primary view of the revised Accounting for Social Insurance Preliminary Views issued October 23, 2006. These reporting requirements would be consistent with the goals of H.R 5129, which I cosponsored in the 109th session of Congress. The Truth in Accounting Act called for the federal government to openly share with the American people and all Members of Congress the full extent of our unfunded liabilities. It required the Treasury to report a measure that tracked the costs of the federal government's long-term liabilities and commitments based on accrual accounting principles.

As FASAB debates reporting social insurance liabilities within the federal government's financial report, the facts are clear and compelling that the federal government is on an imprudent and unsustainable fiscal path that, if not addressed, could serve to swamp our ship of state. Our current course does not just threaten our future economy and quality of life, but also our long-term national security. To solve this problem, we have to define it in an open, straight forward, transparent manner. Today, the American people do not understand our long-term financial situation. By publishing our unfunded liabilities clearly and accurately, the American people will learn and demand that we address this responsibly.

It is time for transparent accounting, so public debate can occur before public harm is incurred. Thank you for providing me the opportunity to discuss this important issue.

Very truly yours,



Mark Kirk
Member of Congress