Federal Accounting Standards Advisory Board

August 7, 2008

To: Members of the Board

From: Richard Fontenrose, Assistant Director

Thru: Wendy M. Payne, Executive Director

Subject: Social Insurance,[1] Tab B

MEETING OBJECTIVE

The objective for this meeting is to obtain comments from members on a draft exposure draft for additional social insurance reporting as outlined in this memorandum. To focus discussion, five specific questions are posed in this memo regarding (1) the logistics of amending SFFAS 15 and 17, (2) questions to respondents, (3) the composition of the statement of changes in social insurance, (4) a proposal to make the SFFAS 17 sensitivity requirements less prescriptive, and (5) the presentation of summarized responses to the preliminary views document.

BRIEFING MATERIAL

This Tab presents the following attachments:

1. Attachment 1 – Exposure draft
2. Attachment 2 – Staff summary of responses to *Preliminary Views* from prior FASAB meeting
3. Attachment 3 – “Table of Decisions and Points of Consensus” as of June 2008.

BACKGROUND

At the June meeting, the Board continued its discussion of the nature and display of social insurance information. At the June meeting the Board directed staff to develop an exposure draft based on the conclusions of the Board to date. The Board concluded that:

- The exposure draft of a proposed social insurance standard should require all the major line items on the pro forma highlights table in the June briefing book to be displayed, analyzed, and discussed in the entity’s MD&A section, except the open

[1] The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations.

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group measure. The major line items are the key elements the Board would like to see discussed in a summary highlights section.

- The standard should not require specific sub-line items like "federal employee benefits."
- The standard should add to SFFAS 15, *Management's Discussion and Analysis*, under the MD&A category "financial statements," as well as SFFAS 17.
- The standard should neither require nor preclude tabular format for the highlights. Illustrations accompanying the proposed standard may include a non-mandatory table.
- There should be:

    - a line item on the balance sheet "below the line" for the closed group measure,
    - a summary section on the SOSI for both the closed and open group measures, and
    - a new basic statement displaying the components of the change in the closed group measure during the reporting period.

- There should not be a line item on the operating statement for the change during the reporting period in the closed group measure or other measure of the social insurance commitment. There should be a discussion of the issue in the basis for conclusions and a question for respondents on the subject.
- The basis for conclusions for the proposed standard should include a discussion of the due process responses received during the *Preliminary Views* phase and of the rationale for the compromise position.
- There should be an explicit and extensive discussion of why certain Board members concluded that a liability for social insurance is not incurred before the due and payable date and others thought that it is.

STAFF PROPOSAL

The staff is seeking comments on the proposed standard at Attachment 1. Attachments 2 and 3 are background material.

Staff has several specific procedural questions regarding its approach for the proposed standard.

1) The exposure draft would amend SFFAS 17[2] and SFFAS 15, the MD&A standard, rather than replace them. Thus, the proposed standard would be a separate standard containing additional social insurance and MD&A requirements. The FASAB *Original Pronouncements* volume will

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[2] SFFAS 26, *Presentation of Significant Assumptions for the Statement of Social Insurance: Amending SFFAS 25*, made the statement of social insurance a basic statement and required SOSI assumptions to be disclosed in the notes but did not change the content of the SOSI and therefore is unaffected by this proposal. In addition, two SFFASs that affected SFFAS 17 – other than SFFAS 26 – are unaffected. The parts of SFFAS 25, *Reclassification of Stewardship Responsibilities and Eliminating the Current Services Assessment*, relevant to social insurance was superseded and replaced by SFFAS 26, and SFFAS 28, *Deferral of the Effective Date of Reclassification of the Statement of Social Insurance: Amending SFFAS 25 and 26*, merely extended the implementation date for SFFAS 26.

indicate in the text of SFFAS 17 and SFFAS 15 that subsequent standards have added or deleted requirements and reference those subsequent standards. If instead of amending SFFAS 17, the new standard replaced it, then the unaffected SFFAS 17 paragraphs regarding, for example, liability and expense recognition and RSI will have to be repeated in the ED. This seems to be an unnecessary burden for the proposed standard to carry. In addition, replacing SFFAS 15 does not seem to be a viable option.

Staff Question #1—Does the Board approve having the proposed standard amend rather than replace SFFAS 17 and SFFAS 15?

2) The exposure draft currently contains a set of six questions for respondents (see pages 8-10). After considering the proposed standard, the Board may wish to direct that questions be added.

Staff Question #2 – Does the Board have additional questions for respondents?

3) Regarding the new statement of changes in social insurance amounts (see page 20 and Appendix E of the ED), staff is continuing to research several components of the illustrated changes in social insurance amounts. The staff used the same line items (or "components") for the pro forma statement as does the table in the Social Security Trustees' Report.[3] The component "changes in valuation period" needs further definition. Presumably, for the closed group of participants, it would include (1) the effect of a new 75th year on the composition of participants in the total population included in the calculation; and (2) the effect of additional "interest" because it is a present value measure. Staff has asked Social Security for assistance in disaggregating the effects of changes in the valuation period.

In addition, I deleted the component "changes in programmatic data" that had been included in the illustration in the June briefing memorandum, because SSA includes "changes in programmatic data" in the table on which the statement is based. Mr. Steinberg asked for an explanation of this component. The component would seem to be covered in other components of change, for example, in changes due to demographics assumptions or methods. Staff has asked Social Security for assistance in determining how to distinguish the term from changes in assumptions and/or methods.

Staff Question #3 – Does the Board have additional suggestions regarding the components of the change in social insurance amounts during the reporting period?

[3] The Trustees' Report presents the reasons for the change: (1) in the 75-year actuarial balance for the open group population as a percent of taxable payroll, with line items identical to those in the staff's June pro forma illustration (Trustees' Report Table IV.B9); and (2) in the trust fund ratio over 10 years, again, with line items identical to those in the staff's June pro forma illustration (Trustees' Report Table IV.A4).

4) Regarding sensitivity analysis (see page 23 and 58-61 in the basis for conclusions), the objective of this section is to reduce the current SFFAS 17 requirements for disclosure sensitivity analysis. Several members have stated without contradiction from any other member that the extensive SFFAS 17 sensitivity analysis is not necessary and probably is not often read by users. Thus, the requirement to "vary the most significant assumptions" in SFFAS 17 would be dropped. The standard would require a sensitivity analysis but not specify the approach, except to encourage stochastic modeling. This approach – i.e., allow the preparer to develop the analysis and encourage stochastic analysis – is carried over from the *Preliminary Views* where it was include in both "views."

Staff Question #4 – Does the Board continue to support this approach for sensitivity analysis?

5) Regarding the discussion of respondents' comments in the basis for conclusions (see pages 34-41), the objective is to provide a summary of points made by respondents rather than a rigorous analysis of the merits of such points, as the Board would see them. Pages 33-40 provide a concise listing of those points. The listing is drawn from a prior staff memorandum to the Board (see Attachment 2). I believe that the respondents' views depend on their assessment of the strength of the social insurance commitment, or its position on a commitment-liability continuum. The likelihood that a detailed description of the comments and analysis of their relative merits would shed light on the subject and advance the objective of a new standard seems remote. However, alternatively, the analysis could be amplified and developed, should the Board wish to do so.

Staff Question #5 – Does the Board approve the discussion of respondents' comments in the basis for conclusions?

Social Insurance, Tab B – Attachment 2 – Staff Summary of Responses to *Preliminary Views*

Attachment 1 – STAFF SUMMARY OF RESPONSES

Overall Summary

(See Table 1 – Tally of Responses by Question, page 10, for the number of responses.)

	FEDERAL (Internal)	**NONFEDERAL (External)**
Users, academics, others	5	47
Auditors	5	3
Preparers and financial managers	7	0

The following is an overview of the comments received on each of the six questions asked in the preliminary view document:

1. Question 1 asked respondents which obligating event they favored. **A slight majority of respondents** who commented on this question **favored either the Primary View** (22) **or "work in covered employment"** (11). **The Alternative View received the single most favorable responses among the four obligating event options** (30). Staff notes that this count and the others below are approximate. Some respondents were difficult to classify. For example, Dr. Prince (letter 51) stated that he concurred with the Primary View but would not report the 40-QC liability on the balance sheet; he suggests limited disclosure instead. Staff counted Dr. Prince as favoring the Primary View regarding Question 1 but not regarding Question 2. No respondents commented on "threshold" eligibility.

2. Question 2 asked if Social Security and Medicare obligations were measurable for the purpose of liability reporting at 40 quarters of work in covered employment as proposed in the Primary View. **A majority of respondents** who commented on this question **agreed with the Primary View** (21 of 38).

3. Question 3 involved several components.

   3.1 Question 3.1 asked the respondents whether the Board should adopt the Primary View proposal to add line items to the Statement of Social Insurance (SOSI) that tie to revised liability and expense amounts in the primary statements. About **two-thirds** of the respondents who commented on this question (23 of 36) **did not agree with the Primary View**.

   3.2 With respect to the question of reporting on SOSI changes (Question 3.2), almost everyone who commented **favored reporting on changes** (31 of 34).

   3.3 A subcomponent of Question 3.2 asked those who favored reporting changes whether they preferred the Primary or Alternative View approach, and a **majority** (22 of 31) **preferred the Alternative View** approach.

4. Question 4 asked respondents whether the Alternative View proposal to present a statement of fiscal sustainability in the Financial Report of the United States Government (FR) as required supplementary information (RSI). **A majority of respondents** who commented on this question **favored the Alternative View proposal** (29 of 41).

5. Question 5 asked respondents whether the Board should consider the Alternative View proposal regarding deferred revenue for earmarked revenues in excess of related program costs. **A majority of respondents** who commented on this question **did not agree with the Alternative View proposal** (20 of 33).

6. Question 6 asked respondents for any other comments they might have on the guidance provided for measurement, display, disclosure, and RSI. The respondents had various comments as shown in the Table 2 below.

The following lists most of the points made in the comment letters on each of the six questions.

<u>Question 1</u>

Those favoring the Primary View (PV) obligating event (attain fully insured status) commented that:

1. Attaining fully insured status is an acceptable obligating event because it approximates the preferred work-in-covered-employment obligating event.

2. Financial statements elements should reflect accounting based on current law rather than possible changes in law.
3. Legal arguments are not absolute and are set aside when feasibility and likelihood are judged largely in economic terms.
4. The PV best meets the expectations of financial statement users.
5. The PV promotes comprehensive accounting.
6. Social Security is equivalent to a mandatory retirement savings plan.
7. SSA's *Social Security Statement* acknowledges the liability and, if totaled, would be similar to the PV amount.
8. SI is based on a promise that "contributions" held in trust will be paid out in retirement.
9. The contributions and benefits are linked.
10. SI is a well-established social contract.
11. The SFFAS 5 and/or *Elements* ED definition of liability is met when fully insured status is attained (40 QC).
12. The PV is a reasonable balance between "threshold" event and beginning work in covered employment.
13. SI rights and obligations are established in law.

Those favoring the work-in-covered-employment obligating event commented that work in covered employment:

1. It is consistent with real world experience.
2. Contributions are recognized as revenue.
3. It is a better match of benefit with period earned.
4. Social Security and Medicare are like pensions and other post-employment benefits and should follow accounting rules developed for such programs.
5. Government action has created expectations and reliance.
6. Financial statements should reflect accounting based on current law rather than possible changes in law.

7. According to *Elements* ED, power to change law does not preclude liability recognition.

8. SI is not like Medicaid and other annual programs because there is a past event.

9. The obligating event should be wages earned subject to SI taxes.

10. SI benefits are based on both time worked and wages received over lifetime.

11. The *Elements* ED liability definition is met with work in covered employment

12. Taxes are exchanged for a promise of future benefits.

Those opposed to the PV obligating event (attaining fully insured status, e.g., 40 QC) commented that:

1. Financial statements would lack integrity if liability recognized at when fully insured status is attained (e.g., 40 QC) due to uncertainty of estimates;

2. SI significantly differs from private sector retirement programs and PV would negatively affect the decision usefulness of government financial statements.

3. Attaining fully insured status (e.g., 40 QC) event has no economic relevance and is a mere legal formality.

4. The PV does not account for future income;

5. Since accounting rules do not allow future taxes to be recognized as assets, recognizing future benefits as liabilities would be misleading;

6. The Supreme Court has ruled that Social Security benefits are not property or a contractual right and Congress can change benefits.

7. Attaining fully insured status (e.g., 40 QC) is an insufficient obligating event because a worker who attains fully insured status can subsequently lose it, and even permanently insured status is insufficient because future benefits are too uncertain and there is no binding contract or obligation until benefits are due and payable.

8. SI benefits are not

    a. guaranteed or contractual.

b. advance funded.

c. promised.

d. an exchange but rather it is a welfare program and/or an annual general fund program like Medicaid and defense that are equally likely and for which the PV does not proposed early accrual.

9. The PV could diminish the likelihood of reform because recent proposals have promised not to alter benefits to retirees and near-retirees but could affect others in the "fully insured" group and thus reporting per the PV could create political pressure.

10. The PV is based on private sector pension accounting but the government has unique characteristics making private sector accounting standards impractical and inappropriate.

11. The government can modify its obligations.

12. The attaining fully insured status (40 QC) obligating event does not meet the SFFAS 5 liability definition.

13. PV does not make a compelling case for change.

14. PVers are wrongly changing the liability definition to accommodate preconceived preference.

15. SI and other nonexchange transactions are unique to the government. They are fundamentally different from exchange transactions and should be accounted for differently.

Those favoring the Alternative View (AV) obligating event commented that:

1. The AV is consistent with the liability definition in the *Elements* ED, with FASAB's long-held views, and with PAYGO financing;.

2. The AV is useful to lawmakers and the public.

3. SI benefits do not meet the criteria even for constructive liabilities.

4. Tthe liability definition requires that the obligor not be able to change the liability unilaterally, which Congress can do until benefits are due and payable.

5. Recognition of pension liabilities is appropriate in the private sector where advance funding is a concern, but the federal budget and most

federal programs are not advance funded and Social Security is a pay-as-you-go program.

6. SI benefits are non-binding obligations.

7. The AV maintains the SFFAS 17 standard and is consistent with the *Elements* ED.

8. SI funds are similar to government funds in state and local governments.

Those opposed to the Alternative View obligating event commented that:

1. The AV argument that the collection of taxes and payment of benefits are two separate non-exchange transactions and that the government is free to walk away from SI commitments is unsupportable from accounting, public administration, and political perspectives, and SI programs have citizens' support because they perceive an exchange and Congress and SSA have reinforced that perception.

2. The AV argument that there is a mismatch of cost and service with the PV approach is inappropriate because accrued expenses under PV are current expenses even though cash outflow will occur in the future.

3. The "staying alive" criteria is a very narrow interpretation of liabilities.

4. The large size of the SI liability under PV should not deter reporting but rather illustrates the importance of these programs.

<u>Question 2</u>

The respondents' answers to Question 2 generally reflected their position on Question 1. Those believing Social Security and Medicare obligations are measurable for the purposes of recording a liability commented that the 40 QC or earlier amount would be measurable and auditable. The rationales included that the SOSI is basic information now and is audited; that actuarial practice currently accommodates large estimates; and that the *Elements* ED does not require certainty; that the SSA distributes *Social Security Statements* that are presumably accurate enough to send to participants for the purposes of long-range planning.

Those not believing Social Security and Medicare obligations are measurable for the purposes of recording a liability and expense commented that the amount is too uncertain, that assumptions, law, and/or insured status change and such changes would cause great fluctuations. One respondent commented that the future cost of Medicare is unknown or unknowable.

Social Insurance, Tab B – Attachment 2 – Staff Summary of Responses to *Preliminary Views*

Question 3

Respondents favoring the PV commented that adding line items to the SOSI (Question 3.1) illustrates relationship for unfamiliar users.

Respondents not favoring the PV commented that the current SOSI or SFFAS 17 approach is appropriate; that additional line items would make the SOSI more complex without increasing understandability; and that there should be a "bright line" distinction between primary financial statements and SOSI.

Reporting Changes in SOSI Amounts

Almost all respondents who commented favored reporting changes, although some preferred that it be RSI.

Format for Reporting Changes

The majority of respondents favored the Alternative View approach for reporting changes, i.e., a separate statement rather than a section of the SOSI. Some commented that it is concise and simple and that it would foster discussion of context.

Question 4

Those favoring a statement of fiscal sustainability (SOFS) commented that

1 it would help explain long-term effects without compromising the financial statements;

2 that sustainability information is vital for federal managers, elected officials, citizens, and holders of Treasury debt; and

3 that intergenerational information is of the highest importance.

Some who favored it preferred doing so in a separate project.

Respondents not favoring a SOFS commented that:

1 it would be too costly to prepare and audit and of little practical use; and

2 present value "point estimates" and per capita ratios and/or infinite horizons are inappropriate for sustainability reporting for pay-as-you-go programs like SI. They commented that sustainability reporting for SI requires analysis of the timing and trends of future cash flow on an annual basis and as a percentage of GDP, taxable payroll, and possible other measures of the economy; and/or

3 that the estimates would be too subjective or too uncertain or just would be just one more competing view.

4 One respondent commented that the PV information is more appropriate than a SOFS for GAAP financial statement. However, he did not oppose research and development of guidance for sustainability reporting, but not as a substitute for financial statements.

Question 5

Some of the respondents who did not believe the Board should consider recognizing deferred revenue commented that:

1 the PV properly matches costs and revenues, and/or that current revenue recognition standards were appropriate.

2 Some commented that earmarked taxes were the same as non-earmarked; or that payroll taxes were mandatory and not “deferred” for anything.

3 One respondent noted that the concept of deferred revenue may be contradictory to the Alternative View that there are no present obligations until benefits are due and payable; another respondent said that deferred revenue pertains to exchanges.

Those believing that the Board should consider recognizing deferred revenue did not provide specifics as to their rationale. Some said they were assuming that the PV or other early accrual would be adopted and, if not, then the notion of deferred revenue should be considered.

One respondent commented that the Preliminary View document did not provide sufficient information to respond to the question.

Question 6

Comments on the guidance regarding measurement, display, disclosure, and RSI are presented in the last column of Table 2 below.

Social Insurance, Tab B – Attachment 2 – Staff Summary of Responses to *Preliminary Views*

Table 1 – Tally of Responses by Question

<table>
<tr><td></td><td>Work in Covered Employ.</td><td>40 QC</td><td>“Thres-hold”</td><td>Due & Pay</td><td>NO COMMENT</td></tr>
<tr><td>Q1. This preliminary views document presents two views of an accounting standard for social insurance. The key difference between the views is the timing of expense and liability recognition for social insurance programs.

Which obligating event do you believe creates a liability and expense that should be recognized?</td><td>11</td><td>22</td><td>0</td><td>30</td><td>4</td></tr>
<tr><td>QUESTIONS</td><td colspan="2">YES/AGREE</td><td colspan="2">NO/DISAGREE</td><td>NO COMMENT</td></tr>
<tr><td>Q2. … [U]nder the proposed liability concept, it would be possible for an item to meet the liability definition but not be recognized in the financial statements because it is not capable of being measured or for other reasons discussed in the [Elements] ED should not be recognized.
Do you believe that the Social Security and Medicare obligations are measurable for purposes of recording a liability after 40 quarters or equivalent of work in covered employment as proposed in the Primary View …?</td><td colspan="2">21</td><td colspan="2">17</td><td>29</td></tr>
<tr><td>Q3. The Primary View proposes to change the SOSI … The Alternative View proposes to leave the SOSI unchanged but to add a new principal financial statement entitled “statement of changes in social insurance” …

3.1 – Do you believe that the Primary View proposal to add line items to the SOSI that tie to revised expense and liability amounts reported on the statement of net</td><td colspan="2">13</td><td colspan="2">23</td><td>31</td></tr>
</table>

cost and the balance sheet, respectively, should be adopted? **3.2 – Do you believe that the reasons for changes in SOSI .amounts during the reporting period should be reported and,**	31	3	33
	PV	AV	
if so, do you favor such reporting (1) as proposed by the Primary View, (2) as proposed by the Alternative View, or (3) some other approach?	9	22	36
Q4. The Alternative View proposes that a statement of fiscal sustainability be presented in the consolidated Financial Report of the United States Government. **Do you believe the proposal should be adopted?**	29	12	26
Q5. In addition to recognizing the due and payable amount, members supporting the Alternative View believe that the Board should consider recognition of deferred revenue for earmarked revenues in excess of related program costs, for social insurance and other earmarked funds, but as a separate project. … **Do you believe that the Board should consider recognizing deferred revenue for earmarked revenues in excess of related program costs?**	13	20	34
Q6. The Primary and Alternative Views include detailed guidance **6.1 Please offer any comments that you wish to make on the Primary View provisions.** **6.2 Please offer any comments that you wish to make on the Alternative View provisions.**	N/A	N/A	N/A

Table 2 – Responses by Question and Respondent

	General	Question 1	Question 2	Question 3	Question 4	Question 5	Question 6
#1 – Allan Lund, individual (retired, former FASAB staff)	(1) Although an exchange transactions are not necessary for liability recognition, Social Security (SS) & Medicare are exchanges. Exchange transactions not always voluntary. Liabilities should be recognized per current law & disclose possibility of change in law in notes. (2) Accrual accounting is needed for reporting financial position, especially in primary financial statements.	Obligating event should be work in covered employment, which is consistent with real world experience.	Yes. Statement of Social Insurance (SOSI) is a primary financial statement & can be audited.	(3.1) Yes, the Primary View (PV) should be adopted. (3.2) Yes, changes should be reported. Alternative View (AV) is better approach.	Agrees that Statement of Fiscal Sustainability (SOFS) should be adopted.	No. PV results in proper matching of costs and revenues.	(6.1) no comment (6.2) Re AV, cites SFFAS 5 glossary definition.
#2 – Douglas Jackson, individual	Agree with the PV. Liability should be recognized per current law.	Agree with PV.	No comment	No comment	No comment	No comment	No comment
#3 – Juan Kelly, individual (consulting actuary)	No general comments.	Obligating event should be work in covered employment. Also, since contributions are recognized as revenue, so should expenses.	Yes.	(3.1) Yes, the PV should be adopted. (3.2) Changes should be reported. Prefers the PV.	The SOFS should not be adopted. It's additional expense without utility.	Yes, consider deferred revenue.	Should adopt the PV per the "KISS" principle.

#4 – John DeBerge, individual	Federal government entities should abide by rules like those required of PBGC.	Obligating event should be work in covered employment.	No comment	No comment	No comment	No comment	No comment
#5 – Dan Neeley, individual	PV best meets the needs of users and best accounts for the current state of social insurance (SI) programs.	Agree with PV. Work in covered employment has merit, too, but benefit is too uncertain before fully insured.	Yes, it's measurable. SSA's *Social Security Statement* is evidence.	(3.1) Yes, the PV should be adopted. Illustrates relationship for unfamiliar users. (3.2) Changes should be reported; both proposals okay.	Yes, consider SOFS s/b in a separate project.	No. Current standards okay.	No comment
#6 – Jeff Basch, individual	Report total accrued liability of SS and other entitlements. Citizens should be informed.	Agrees with PV.	No comment	No comment	No comment	No comment	No comment
#7 – Thomas Boney, Office of the NJ Attorney General		Agrees with PV	Yes.	(3.1) No, PV should not be adopted. (3.2) Yes, changes should be reported. Prefers current SOSI plus AV Statement of Changes.	Agrees that SOFS should be adopted.	Yes, it's consistent.	PV promotes more comprehensive accounting.
#8 – Cary Tessman, WCTC CFO	No difference between timing of recognition of pension and SI. Agrees with the PV. Better matches of benefit w/ period earned.	Obligating event should be work in covered employment.	No comment	No comment	No comment	No comment	No comment

#9 – Jules Cassel, individual (FASB staff)	(1) Supports the PV evolutionary change in SI accounting; similar to FASB evolution. More disclosure is not adequate alternative. (2) Agree with PV that an expense/liability may be incurred equally for exchange, non-exchange, quasi-exchange (3) Arguments should not be based on matching principle. (4) Rejects AV argument re negative affect of PV on reform efforts. (5) FASB determined users better served by market-based discount rate. (6) FASB requires disclosure of funded status based on current conditions.	Obligating event should be work in covered employment, same as for pensions/OPEB. The government's actions have created an expectation and reliance on despite argument re changes in law. SI is not like Medicaid and other annual programs because there's a past event.	No comment	No comment	No comment	If his obligating event rejected, then he would support deferred revenue approach.	No comment
#10 – Pete Rose, individual	SS and RRB are pensions. Medicare, Unemployment Insurance (UI), and Black Lung (BL) are like insurance.	For SS and RRB, obligating event" occurs at "threshold," including <u>age</u> & <u>filing</u> for & <u>approval</u> of benefit claim. For Medicare and BL, obligating event occurs when claims are approved.	Yes.	Existing SOSI needs to be change to reflect pension and ins. nature and obligating events of programs.	This question would be moot under my proposal.	Disagrees with AV. Deferred revenue has not been earned and/or is not due to govt. But would defer revenue for	No comment

						Medicare.	
#11 – John Lynskey, Deputy Dir., DFM, NSF	No consensus on these questions at National Science Foundation. Compelling arguments on both sides. Disclosure is most important, not method. Key is which method is easiest for non-government reader to understand.	No comment	No comment	No comment	No comment	No comment	No comment
#12 – Richard Young, individual	Means testing Social Security is the answer to the fiscal catastrophe.	No specific comment.	No comment	No comment	No comment	No comment	No comment
#13 – David Cotton, individual	Report per current law.	Agree with PV. Citizens recognize the government's obligation.	No comment	No comment	No comment	No comment	No comment
#14 – Dick Bode, individual	SI is not insurance. It is a promise and creates a liability when minimum qualifications are met. Treat SS and Medicare similarly.	Agree with PV.	Yes, it is measurable.	No comment	No comment	No comment	No comment
#15 – Jessica Opie, Fin. Rptg. Suprv., State of Missouri		Agree with the AV. The financial statements will lack integrity if PV is used due to uncertainty of estimates.	No, the amount is too uncertain for liability.	Yes, the PV should be adopted.	Agree that a SOFS should be required. Will help explain long-term effects without compromising financial statements.	No, earmarked revenue same as non-earmarked.	No comment

#16 – Henning Bohn, individual (Prof. UC Santa Barbara)	(1) Suggests a 3rd way, rather than the PV or AV. (2) Concerned that a disputed standard would damage credibility of US govt.'s financial statements; there should be a consensus before main F/S are changed. (3) Principles – Govt. accounting is most informative (a) when it adheres to widely known and accepted rules and (b) when economically equivalent activities are recorded the same way. SS is equivalent to a mandatory retirement savings plan, which strongly supports the view that SS contributions create liabilities. Legal arguments against it are not absolute and are set aside when feasibility and likelihood are judged, largely by economic arguments.	Obligating event for SS & Part A should be work in covered employment. SS & Part A participants contribute. Don't recognize liability for Parts B and D, which are similar to unilateral future govt. subsidies commonly interpreted as non-binding, both in law and in economics. The 40 QC event has no economic relevance; it is a legal formality.	Some method must be found to avoid vastly inflated and hence not credible estimates of medical liability, e.g., the cap in SS law or rational cost limits. This comment also applies to SOSI.	No comment	No comment	No comment	No comment
#17 – Barry Anderson, OECD		Agree with AV	No specific comments	Supports the AV	Supports the AV	No comment	No comment
#18 – Richard Hemming, Deputy Dir. Fiscal Affairs, IMF	The IPSASB's ED re accounting for social obligations will be requiring disclosure [of threshold liability], not recognition. Also, the System of National Accounts is likely to support disclosure. Strongly supports full disclosure of all relevant future cash flows, and the	Agree with the AV. Since per accounting rules, future taxes can not be recognized as asset, the liability should not be recognized. Would	Measurement is complex issue. Next due process document should discuss it	No comment	No comment	No comment	No comment

	corresponding liability & assets, in supplementary statements and notes.	mislead.	more.				
#19 – Bruce Schobel, individual		Agrees with the AV. Supreme Court ruled SS benefits are not property or a contract. Congress can & has changed benefits. Recognizing a liability for more than "due and pay" would be misleading.	No comment	No comment	No comment	No comment	No comment
#20 – Martin Dickman, RRB IG	RRB IG has a scope issue. The RRB pension tier s/b address explicitly.	Agree with the AV	No comment	No, the PV should not be adopted.	Supports the AV	Agree with the AV	No comment
#21 – John Favret, individual	(1) SI is like defense, parks, etc. (2) PV is logical & may be theoretically supportable but not practical. Public could not understand a huge number on the balance sheet.	Agree with the AV	Any projection beyond 3 years is at best a good guess.	No comment	No comment	No comment	No comment
#22 – Steven Schaeffer, SSA OIG	The FASAB should ensure that any changes to the current SOSI are cost beneficial to all users. Notes OMB-CFOC-PCIE's current effort to improve cost-effectiveness of	Agree with the AV. The PV does not account for future income. AV is consistent with definition of liability	No. Assumption changes & changes in laws could cause great	(3.1) No, PV should not be adopted. Liability line would be misleading. Prefers SFFAS 17	Does not agree with a SOFS. It would be too costly to develop estimates &	No. Payroll taxes are mandatory and not "deferred" for anything.	Re Q. 6.1, PV would not fully explain change in

	financial reporting.	and expense in *Elements* ED.	fluctuations.	approach. (3.2) Agree that changes should be reported and prefers AV, but should be RSI.	result would be too subjective. 75-year projection of all federal programs would be too uncertain. But, if SOFS is adopted, agrees that it should be RSI for the FR only.	Federal GAAP requires a specific critical event to occur for revenue recognition.	NPV.
#23 – P. Hodson, DOE OCFO		No comment	No comment	No comment	No comment	No comment	No comment
#24 – S. Schaeffer, Baltimore Chapter AGA	[See #22 above for same sub-mission for another organization]						
#25 – Helene Baker, President, San Antonio Chapter AGA		Although PV would result in double-counting, seems to support it, saying employers & employees already expensing SS, & SSA already reflects obligation in SS Employee Statements, which if totaled, would be	See response to Q1.	See response to Q1.	See response to Q1.	See response to Q1.	Need to separately record items of liability & expense for SS, Medicare, and RRB using pension

		similar to the PV.					rules.
#26 – Martin Ives, individual (adjunct prof., former NY State Comptroller and FASAB member)	(1) D&P recognition is illogical; SFFAS 5 liability definition, which he prefers to *Elements*, met earlier than that. AV arguments that the collection of payroll taxes is separate & unrelated to benefit payments & the government is free at any time to walk away from SI commitments is unsupportable from accounting, public administration & political perspectives. SI programs have citizens' support because they perceive an exchange, and Congress and SSA have reinforced that perception. (2) AV argument re mismatch of cost & service is inappropriate. Accrued expense under PV are current expenses, even though cash benefits will be received in the future. SI programs are like pensions and OPEB.	Obligating event s/b WICE; but he fully supports the PV. S/b no diff. bet. SI & pension accounting.	Yes, it's measurable. Actuarial calculations made with reasonable accuracy for many years. The 40 QC event will result in greater accuracy than the current 75-year projection.	Agrees with the PV.	Yes, the SOFS should be considered in a separate project.	No comment	No comment
#27 – Steve Goss, SSA Chief Actuary	(1) AV is consistent with long standing views of FASAB; PV does not make a compelling case for change. (2) SI benefits do not meet the criteria for even constructive liabilities. Liability definition requires that the entity with the liability not be able to change it unilaterally; yet Congress can unilaterally change SI	Agree with the AV. Fully insured status is an insufficient obligating event. Even "permanent fully insured status" is insufficient. Too uncertain. No binding commitment until	No, "fully insured status" is too uncertain a measurement point.	(3.1) No, PV should not be adopted. Display would be misleading & inappropriate. Future taxes would have to be assets if future benefits are liability Both	Yes, SOFS would be useful and informative but should be fair and appropriately presented. The AV table with present values, per capita	Further research into this concept may be beneficial, but it should be a separate project.	Re Q. 6.2, AV SOFS and sustainability reporting should present annual flows as a percent of

	benefits until they are due and payable.	payment is due.		possibilities are impractical. (3.2) Agree changes should be reported. Prefers AV.	ratios, and infinite horizons is inappropriate & inefficient re "sustainability," which requires projection of annual cash flow timing & trends.		GDP, not PV point estimates and ratios.
#28 – Louis Weisz, individual (consulting actuary)	Recognition of pension liability is appropriate in the private sector but not for SI. The federal budget and most federal programs are not advance-funded. SS is a pay-as-you-go program. Congress can change SI. Thus, SI benefits can not be classified as liability. SI is only non-binding obligation.	Agree with the AV.	No, not measurable. "Fully insured status" is too uncertain.	(3.1) No, PV should not be adopted. (3.2) Agree changes should be reported and says AV is superior.	Yes, SOFS would be useful & informative; should be developed if fair & appropriately presents prospects of all federal programs. The AV table is inappropriate re "sustainability".	Further research into this concept may be beneficial, but it should be a separate project.	Re Q. 6.2, AV SOFS should present annual flows as a percent of GDP, not present values.
#29 – Daniel Kovlak, FISC Chair, Greater WDC Society of	Each SI program is different. FASAB should address them individually. Pension-type programs should follow pension accounting and the insurance-type programs should follow insurance accounting.	Obligating event should be work in covered employment. The AV view of liability is very narrow. People expect & want full accrual	Yes, it's measurable as a liability.	(3.1) Yes, the PV should be adopted. (3.2) Agrees that the reasons for change should be reported Prefers	Yes, the SOFS should be considered in a separate project.	Under preferred approach, deferred revenue would not be necessary. If AV adopted,	(6.1) Likes stochastic graphs. If PV adopted, explain more re SI nature.

CPAs		accounting, which should be based on current law. Rejects the amount-is-too-big-to-record argument.		the PV approach.		then deferred revenue would need to be developed.	Generally, more guidance needed.
#30 – Sheila Weinberg, Institute for Truth in Accounting	(1) PV is more transparent. (2) SI based on a promise that “contribution” held in trust & then paid out in retirement; contribution and benefit are linked. Rejects AV that benefits are non-exchange transaction. SI benefits are a well-established social contract. (3) To help public evaluate elected official’s decisions, display any actuarial cost of benefit level adjustments enacted during the period. (4) Agree with AV that recognition of future SI benefits on the financial statements will diminish other liability and expense, but asserts that that should be viewed positively since it reflects reality.	Agree with PV	Yes. It represents a common actuarial application.	Yes, PV should be adopted.	A SOFS presented in MD&A would be useful, especially if inter-period inequities were clearly displayed. Questions whether such a statement would be auditable.	Deferred revenue should not be considered. Earmarked taxes are not a liability to taxpayers.	Should not include taxes to be paid in the future or benefits to be earned in the future in the liability measure. There are substantial accrual accounting & financial reporting issues before measurement details can be worked on.

#31 – Mark Jenson, NASA OIG		Agree with PV. Otherwise incomplete reporting results. Criteria of liability recognition are satisfied at that point. Accounting should reflect current law.	Yes, it's measurable. *Elements* ED says that certainty is not required & accounting should be based on current law.	(3.1) Yes, PV should be adopted. Relationships will be better understood. (3.2) Agree that changes should be reported. Prefers AV format. It's simple & concise.	Agree that the SOFS should be presented in the FR as RSI.	No, no difference between earmarked and non-earmarked revenue & current standards are appropriate.	No comment
#32 – Richard Skiba, individual	(1) SI programs create public expectations much like other types of insurance annuities where today's premiums pay for future cash returns. The actuarial cost and liability should be recorded on the F/S despite the potential for a change in law. (2) Rejects the AV argument that SI liabilities should not be displayed on the financial statements because their gargantuan size would diminish other liabilities. A focus on SI programs is proper. They are the most financially significant programs and their costs are not currently visible on the financial statements.	Agree with PV. Contributions now for benefits later is an exchange. Should display effect of changes in benefits enacted during the fiscal year on the face of the financial statement.	Yes, SI obligations are measurable. It represents a common actuarial application.	No comment	The PV pro forma SOSI is the should be basis for a sustainability statement rather than a financial statement. A SOFS presented in MD&A would be useful, especially if inter-period inequities were clearly displayed. However, the SOFS would be unauditable.	No comment	No comment

#33 – Peter Wozniak, Office of State Auditor NJ		Agree with the AV. SI benefits are not guaranteed. SI is general welfare & subject to non-exchange accounting. There is no promise or exchange. Congress can change benefits.	No comment	No comment	No comment	No comment	No comment
#34 – Eric Klieber, individual (actuary)	Recognition of future SI benefits as liability is inappropriate. They are not advance funded. SS is a pay-as-you-go program. Congress can change SI benefits at any time. They are non-binding obligations.	Agree with AV. Rejects "fully insured" obligating event because (1) a worker can lose such status and (2) the law can be changed.	No, they are not measurable.	(3.1) No, PV should not be adopted. Inconsistent with liability definition & funding & nature of program. (3.2) Agree changes should be reported. Prefers AV approach.	No, SOFS would not be useful. Just one more competing view. Analysis should be left to non-govt. analysts.	Further research into this concept may be beneficial, but it should be a separate project.	Re Q. 6.2, SI info. in govt. reports for SS & Medicare should be consistent with Trustees' Reports.
#35 – Jagadesh Gokhale, Cato Institute	(1) Proper govt. fiscal management requires forwarding-looking information that is easy-to-understand & use re whether policies are sustainable & how fiscal burdens distributed. PV would not introduce any new fiscal measures; it would alter traditional measures, e.g., national debt, annual budget deficit & net operating costs. The	Agree with AV	No comment	No comment	Supports the AV to add reports on sustainability & stewardship. Recommends integration of such information into the Statement of Net Cost	No comment	No comment

	PV will not enhance the info. (2) Accrued liability for SS & Medicare is more forward looking than due & payable, but recognition of accrual may limit policy choices & be inconsistent with FASAB's objectives. Should display all current and future commitments under current policy. (3) Does not support the PV.				and balance sheet under the heading "Future Implications of Current Policies," and prominently displayed in FR executive summary.		
#36 – Edward Murray, DVA Deputy Asst. Sec. for Finance		Agree with the AV. Future-scheduled obligations are not liabilities; they are not contractual commitments. An individual's benefits not directly tied to the taxes paid & therefore benefits not exchange. The govt.'s power to change the law affects liability existence.	No, not measurable for liability.	(3.1) No, the PV should not be adopted. (3.2) Agrees changes should be reported, as proposed in the AV.	DVA supports a SOFS presented in the FR.	Deferred revenue should be considered.	RE Q. 6.1, PV inconsistent with liability definition.
#37 – David Certner, AARP legis. affairs	(1) How SI programs are accounted for in the FR has a significant effect on the way these programs are viewed & could influence the timing & specifics of programs changes. The AV depicts SI accurately as pay-as-you-go program & is useful	Agree with AV. It acknowledges that benefits are uncertain until paid. PV uses "liability" to mean contractually &/or legally bound, which SI benefits	No, it is unrealistic. Also, changes in balance sheet position would	(3.1) No, the PV should not be adopted. Associated power to tax would not be displayed on balance sheet.	No objection to SOFS but has strong concerns about the infinite horizon forecast. Also, does not	Deferred revenue liability may appear contradictory to the AV that there are no present	Infinite horizon forecast not helpful & may mislead; results in a false

	to lawmakers & the public. (2) PV could diminish the likelihood of reform. Recent reform proposals have promised not to alter benefits to retirees or near-retirees, but could affect others in the "fully insured" group. The reporting per the PV could create political pressure and make reform harder.	are not. SI is subject to changes in law. Also, other equally likely future spending is not proposed for balance sheet inclusion.	probably be driven by assumption changes in these programs.	(3.2) Agree changes should be reported. Seems to agree elements of the PV and AV re display.	believe it is possible to meaningfully project the entire budget over the infinite horizon, especially re future medical costs.	obligations until benefits are due & payable.	sense of certainty & a picture far worse than actual; confusing, rather than illuminate.
#38 – Ron Queen, Tenn. Comptroller		Agree with PV. It meets pension and OPEB recognition standards. User should see future calls on U.S. resources.	Yes, an accounting estimate can be made in a similar manner to pensions and OPEB.	(3.1) Yes, the PV should be adopted. (3.2) Agrees change should be reported. Favors the AV format.	Agrees that a SOFS should be adopted. AV sustainability info. very appealing. It's vital info.	Agrees that the Board should consider deferred revenue.	(6.1) Likes the PV guidance.
#39 – Dale Sopper, SSA CFO		Agree with the AV. Scheduled future benefits are not fixed legal contractual obligations. Congress can change them. SI transactions are non-exchanges for which the obligating event is due & payable.	There is a great deal of uncertainty associated with measurement at 40 QC.	(3.1) No, PV should not be adopted. Strongly disagree with PV position of adding line items to the balance sheet and SNC. (3.2) Agree change should be reported. Favors the AV approach.	Agree that the SOFS should be developed. The AV table provides useful information re the 75-year projections. Values for the infinite horizon are not useful and should be deleted.	Further research into this concept may be beneficial, but it should be a separate project.	Strongly disagree with PV position emphasizing new and different liability; would be confusing.
#40 – Frank Buzzi,	Both PV & the AV distinguish between the SS equivalent portion & the rail pension portion of RR	Agree with the AV.	No comment	No comment	No comment	No comment	No comment

RRB Chief Actuary	benefits. Social security equivalent benefits should be classified as SS system's liability rather than RR system's.						
#41 – Congress men Rangel, McNulty, and Stark	(1) As users of federal reports, we are aware of the current & expected future state of SI programs & understand the need to address future shortfalls. The PV proposal would not make our understanding clearer & could serve to mislead the public about the govt.'s capacity to make program and funding adjustments. (2) PV is inconsistent. It does not apply the new accounting to Medicaid or defense spending. Also, it would not list potential revenue as assets.	Agrees with AV. PV is based on private pension accounting. Govt. is unique, has characteristics making such accounting impractical and inappropriate. The govt. can modify its obligations. SI benefits are not contractual.	No comment	No comment	No comment	No comment	Disagree with the AV's that sustainability can be assessed via the infinite horizon. Also, point estimates do not show timing, level and trend, and ratios using current workers who are not going to pay.
#42 – Thomas McTavish, Michigan Auditor General	Deliberate quickly on this issue. Such accounting and reporting becomes essential when there is significant doubt regarding the sustainability of the programs. This information is essential for the Congress and the President to make informed decisions on these	Agree with PV. 40 QC is a reasonable balance between "threshold" event and beginning work in covered employment.	Yes, the 40 QC obligation is measurable.	(3.1) No, the PV should not be adopted at this time. (3.2) Supports the AV display, which he characterizes	Agree that the SOFS should be developed. Very helpful information for Congress, President, and current and	No, do not see a need for it. Would like to know results of *Elements* project to better assess	No comment

	important federal programs.			as showing a 40 QC liability on SOSI rather than the balance sheet, & accrued expense on Statement of Changes rather than the Statement of Net Cost. This would foster discussion of context and allowing GAO to opine on SOSI.	future beneficiaries.	this issue.	
#43 – Terry Bowie, NASA CFO	SI is significantly different from other types of retirement programs in the private sector. PV would negatively affect the govt.'s ability to produce useful financial statements for decision making and their complexities would present problems for preparers and users.	Agree with AV. PV does not consider that current law changes and inability to accurately estimate offsetting future income.	No, SS and Medicare obligations are not measurable at 40 QC.	(3.1) No, PV should not be adopted. Makes financial statements more complex & not more understandable. (3.2) Yes, report changes. Agree with AV re format. Information should be RSI.	The SOFS should be studied. It is complex & would be extremely difficult to prepare, but would bring attention to issues.	Disagree with recognizing deferred revenue. Disclosure is sufficient.	(6.1) PV would result in excessive cost and unreliable estimates. (6.2) Supports the AV but further analysis is needed re disclosure & formats.
#44 – Ron Von Elm, UHY LLP, CPAs	Regarding GASB nonexchange revenue classifications, SI taxes are more like derived taxes than involuntary transaction, as AV	The obligating event should be wages earned subject to SI taxes [equivalent to work	Yes. And, measure the entire obligation, vested and	(3.1) No. The financial statements & SOSI should not articulate. It would	No.	No, because all accrued cost should be accounted for. But, if	(6.1) Measure intergener ational equity by

	would have it.	in covered employment]. Benefits are based on both time worked & wages received over lifetime. An obligation & expense should be recognized based on an actuarial assumptions & probabilities. Agrees with *Elements* that govt.'s power to change law does not preclude liability recognition.	not yet vested.	diminish the importance of the balance sheet amounts. There should be a "bright line" distinction between these statements. (3.2) Yes, the reasons for change should be reported. Supports note disclosure re the change in the obligation.		liability is recognized for less than that, then consider recognizing deferred revenue for the excess.	recognizing full accrued cost and liability. (6.2) Large SI amounts on the balance sheet will not diminish importance & size of other expenses & liabilities. Reality is that SI programs are huge. Notes & RSI not urgent enough. This is similar to FAS 87.
#45 – Joseph Cummings, DOL OIG	(1) UI & BL should follow PV as well. (2) *Preliminary View* document does not address matching principle that affects Statement of Net Cost.	Agree with PV. SI is similar to defined benefit. Should be accounted for like FAS 87.	Yes, they are measurable.	(3.1) No, lines should not be added to SOSI. Current display is clear.	Agree with the AV that FR should have SOFS as RSI.	Current standards are adequate but if deferred revenue is considered it	No comments

	Both PV and AV address liability recognition. (3) Both PV and AV provide different treatment for the same type of SI information.			(3.2) Yes, report changes. Favor AV. It reports reasons for change.		should be in a separate project.	
#46 – Kenneth Buffin, Chair, Social Ins. Committee, American Academy of Actuaries	Recognition of all future pension obligations as liabilities based on service to date is appropriate for the private sector where advance funding is critical and taxing power is absent. SS operates on a pay-as-you-go basis. The govt. can change SS at any time. Such benefits can not be classified as liability. They should continue to be referred to only as non-binding obligations.	Agree with AV. The govt. can alter or even eliminate future benefits. It is simply not possible to declare that an obligating event until payment is due. There is no binding commitment.	No, they are not measurable for liability purposes. Things can change; it is too uncertain that insured status will persist.	(3.1) No, PV should not be adopted. (3.2) Changes should be reported. The AV approach is superior; the AV table is informative.	Agree that a SOFS would be useful in the FR but only if fairly and appropriately representing the prospects for all federal programs.	This question should be researched as a separate project.	No comments
#47 – Joseph Vengrin, HHS Deput IG		Agee with the AV. Not a contractual right. 40 QC event does not meet SFFAS 5 liability definition.		(3.1) No, PV should not be adopted. (3.2) No, reasons for changes in SOSI should not be adopted as proposed. Costly to prepare & audit of stmt. of changes & little practical use.	No, the SOFS should not be adopted as written. The current SOSI is adequate.	No, should not be considered. The bookkeeping would be difficult. Also, deferred revenue pertains to exchanges.	No comments
#48 – S. Reed, individual		Agree with PV.	Yes.	(3.1) No, PV should not be adopted. Current SOSI is clear but	Yes, SOFS should be adopted. It shows	Yes, consider it if excess is to be paid back to a	No comment

				would favor AV. (3.2) Yes, reasons for change s/b reported. AV may be easier to comprehend.	government's impact on economy.	non-federal party.	
#49 – PCIE Audit Com. subgroup (Steve Schaeffer [also see letters 22 and 24 above] will be speaking as PCIE representative, May 23)		Agree with AV. AV maintains SFFAS 17 & consist with *Elements* ED. PV does not consider future income and. changes in assumptions & laws could distort the liability.	No. 40 QC is too soon to measure..	(3.1) No, PV should not be adopted. "Due & payable" is the expense. PV will lead to misinterpretations. (3.2) Yes, changes should be reported. Agree with AV display. It's more info. but s/b RSI.	No. Too costly and subjective to estimate costs for all programs over 75 years. But, if SOFS adopted, should be for FR only & be RSI.	No, should not be considered. SI is a tax. Also, it would affect SFFAS 27, which requires GAAP disclosure & requires an event for revenue recognition.	(6.1) PV would put estimates on the financial statements that may make auditors skeptical and would not fully explain changes.
#50 – M. Zeigler, individual (director of finance, Metro. Sewage district, Ashville, NC)		Agree with PV. It's economic reality. Rights & obligations established in law.	Yes. State and locals governments and private entities estimate defined benefits.	No comment	Yes. Sustainability information is vital for federal managers, elected officials, citizens, and holders of Treasury debt. Intergenerational info. of	No comment	No comment

					highest importance.		
#51 – Tom Prince, individual (professor, Kellogg School, NWU)		Agree with PV. Would provide limited financial disclosures. Would not report current obligations (line16g) on balance sheet because doing so makes it too easy for quick political decisions.	Would not report current obligations (line16g) on balance sheet.	Does not concur with either PV or AV. Would add new tables with demo. data.	A SOFS should provide more demographic data.	No, should not be considered. Suggests healthcare assessment information.	The tables in Appendix B omit the dynamic increases occurring in healthcare.
#52 – Charles Grassley, Ranking Member, Committee on Finance, US Senate	The unique characteristics of SS and Medicare (e.g., law can be changed, payment authority is limited) preclude liability recognition beyond due & payable, which is consistent with FASB SFAC #6. Rather than accept that SI obligation under current FASAB liability definition is due and payable, the PVers are changing the FASAB definition. Govt. activities do not conform to private sector accounting concepts & FASAB should not be forcing them to do so. Instead, improve SOSI.	Agree with AV. Benefits beyond current period depend on continuing eligibility & are subject to change.	PV liability measure is flawed; it does not consider statutory limits on SS payments. Also, future cost of Medicare is unknown.	Does not concur w/ either PV or AV. Present values in dollars are not understandable. SI is a pay-as-you-go program & should be displayed as percent of taxable payroll. Also, projected cost should be shown on a “forward funded” basis reflecting a blend of infinite horizon and sustainable solvency.	FASAB has sensibly undertaken the sustainability project. Any changes in SOSI should await its outcome.	No comment	Proposes a “forward funding” methodology for depicting financial status of SI and makes other reporting suggestions.

#53 – KPMG	Views generally consistent with PV.	Obligating event should be work in covered employment. Liability definition per *Elements* ED is met at that point. Taxes for promise of future benefits is an exchange.	Yes. It is measurable per current law.	(3.1) Agree w/ PV SOSI line items. Liability & expense should be correlated. (3.2) Yes, reasons for change should be reported. Agree with PV approach.	SOFS should be addressed via a separate project.	Deferred revenue is not essential if obligating event is work in covered employment. SFFAS 27 requires disclosure.	No comments
#54 – Thomas Meseroll, Office of State Auditor, NJ		Agree with AV. Similar to govt. funds for state & local govts. Support AV conceptual arguments.	No comment	No comment	SOFS should be adopted. Policymakers need this info.	Board should not consider deferred revenue. No matching concept. Possibly reserve fund balance.	No comments
#55 – R. Childree, chair, AGA FMSB	Govt. accrual accounting should provide the processes, procedures, & reporting formats to calculate & disclose the estimated costs of policy obligations. Should "table" the Prelim. Views discussions until Sustainability Task Group finishes work, after which it will be easier to make decisions.	Pension-type programs (SS and RRB) should follow pension accounting and insurance-type programs (Medicare, UI and BL) should follow accounting similar to insurance organizations.	No comment	No comment	Task Group should complete its work before decisions made re Preliminary View.	No comment	No comment
#56 – G. Boaz, AGA Nashville	Should "table" the Prelim. Views discussions until Sustainability Task Group finishes work, after which it will be easier to make decisions. If	Agree with PV but would prefer an earlier point for substantial meeting	Yes. Best estimate is better than	(3.1) Yes, SOSI line items should articulate with financial	Yes, a SOFS should be developed.	No, deferred revenue should not be considered.	No comment

	FASAB does not want to table it, we support PV, which best meets concepts upon which all FASAB members agree.	of conditions. SI is an exchange. There is a promise of future benefits. Rejects the too-large-to-report argument.	no liability.	statements. (3.2) Changes should be reported per the PV.		Report as restricted revenue instead.	
#57 – C. Chocola, individual (former congressman)	Strongly supports the PV. It would achieve transparency and accountability and highlight the fiscal implications of costs incurred in the period.	Agree with PV.	No comment	No comment	No comment	No comment	No comment
#58 – AICPA, FASAB SI TF and Govt. Auditing and Accounting division	Govt. financial statements are used to monitor performance & stewardship & even more importantly to assist citizens & their elected reps. & civil servants to formulate policy. Financial statements should provide neutral information. The PV is more consistent with the overall purpose of financial statements & will provide better information. Govt. financial statements are most useful to users when comparable in methodology with commercial & not-for-profits & state/local entities.	Prefer work in covered employment but, if choice is PV or AV, prefer PV. SI are exchanges. AV interpretation of liability is too narrow.	Yes. SSA & CMS are already doing 75-year estimates, so should not be additional cost. Present value method reduces effect of uncertainty. Supports disclosure of ranges.	(3.1) Agree line items should be added. (3.2) Supports reporting the reasons for changes. Prefers PV approach.	PV information is more appropriate than a SOFS for GAAP financial statements. However, does not oppose R&D re guidance for sustainability reporting; but not as a substitute for financial statements.	Not enough detail to comment; but, if AV adopted, no choice but to pursue it. Next exposure document should develop it.	Found stochastic graph very useful. If PV adopted, explain more about SI in notes.
#59 – R. Kogan, Center on Budget &	(1) It is misleading to treat projected future SI cost as a liability. SI laws can be & are changed. Future SI payments are not equivalent to	Appears to agree with the AV.	No comment	No comment	No comment	No comment	Present values should never be

Policy Priorities	future interest on federal debt "that has already been issued," or future payments re guarantee loan contracts or insurance contracts "that have already been signed." In fact, federal civilian & mil. retirement benefits aren't contracts, either. Such costs are okay to accrue for internal mgt. purposes but not for govtwide. costs. (2) SS & Medicare are not exchange transactions. Taxes are compulsory & benefits mandated by law. They're no more a right than, e.g., food stamps, SSI, or other general fund program from which SI differs only by having earmarked taxes. Earmarked taxes make no economic or legal difference, but they do create a greater political commitment. The Trustees' Report explains this well; no need for FASAB to replicate it. (3) Medicare Parts B & D differ from SS & Part A. They are general fund programs like food stamps & defense for which an "unfunded liability" concept is misleading. Both PV and AV are off track in this regard.		expressed in dollars but as a percent of GDP, tax base, etc. Disagrees strongly infinite horizon projections for entire govt. Recommends a 50-year horizon.
#60 – Joseph Minarik	PV objectionable because (1) it doesn't consider future revenue, (2) SI is subject to future legis. & therefore doesn't meet definition of	Strongly supports AV.	

	a liability, and (3) would make reform more difficult.						
#61 – CG Walker	Recognition of future SI benefits would mismatch costs, & diminish other exp. and liab. Amounts are uncertain and unreliable. SI & other non-exchanges are unique to govt. and different from exchanges.	Strongly agree with AV. Retain SFFAS 17.	No.	No change in SOSI is necessary. Changes should be reported and agree with the AV.	Yes. Strongly agree with AV	Yes.	PV wouldn't add transparency or completemness; nor would it address FASAB objectives. AV is best approach.
#62 – Mike Shannon		Supports an PV-like position.					
#63 – Alison Frasor	The FR Exec. Summary presents a clear picture.	Agrees with AV. PV doesn't include future revenue.		Prefers AV approach re SOSI and reporting changes	No, existing analyses have necessary rigors.	Yes.	
#64 – S. Schieber, SS Advisory Board	Defers to the expertise of the FASAB in re SI accounting but urges adoption of accounting re SS finances that is consistent with nature of program & that will have broad support and be consistent with Congressional analysis.						
#65 – Congressman		Agrees with the PV. It's consistent with public	Yes, it's measurable.	Supports PV.	No, it should not be adopted.	Deferred revenue should be considered in	

Cooper			understanding.				a separate project , if at all.
#66 – Bob Bixby, Concord Coalition			Agrees with the AV. It reflects SI's essential nature.	No, it can't be measured with needed certainty.		Supports AV proposal.	
#67 – Congress man Kirk			Supports the PV.				

For additional comments from respondents, see the columns for "General Comments" and for Question 6 in the above table.

Social Insurance, Tab B, Attachment 3 – "Table of Decisions and Points of Consensus" as of June 2008, including the Matrix of Members' Responses to Staff Questions

Table of Decisions and Points of Consensus as of April 2008

	Board Majority View	Board Minority View
Question #1 – What attribute should be measured for social insurance? **Staff recommends present value.** The objective regarding the measurement attribute for social insurance should be the same as FASB's "fair value." Fair value is essentially market value but "for some assets and liabilities, management's estimates may be the only available information." Present value is a component of FASB's fair value hierarchy. Moreover, present value is required in various current FASAB standards that require long-range projections, including SFFAS 5 (for pension, retirement healthcare, insurance, and other liabilities), SFFAS 17, and others. Also, the Social Security Trustees use present value extensively in their Annual Report.	The members agreed with the recommendation.	No disagreement was expressed.
Question #2 – Should OASDI and Medicare liabilities include projected amounts in excess of the current statutory limit? **Staff recommends including the full cost and full liability to the participants.** The probability that the Government would ignore the shortfall and then default on a large percentage of the benefits is remote.	Messrs. Patton, Schumacher, Reid, and Mosso, and Ms. Cohen agreed with the staff recommendation, with the statutory limitation reported either on the face of the financial statements or in a footnote. <u>Some of the rationales expressed</u>: Mr. Reid said that a computation that was limited to statutory provision would be incomplete. Ms. Cohen said that current law does not limit the benefits per se. The projection shows a shortfall, but the projection is based on assumptions and estimates and may be change. Current law merely	Three members disagree with recommendation (GAO, OMB, CBO). One member (Mr. Farrell) was concerned about what he viewed as inconsistent application of the current law notion, but he did not express a position. <u>Some of the rationales expressed</u>: Mr. Torregrosa said that since the Board is using current law as the basis for liability decisions and current law specifies that funding is cut off, the projection should be based on what is available. Mr. Dacey said that amounts should not be projected in excess of the statutory limit. Although accruing

	Board Majority View	Board Minority View
[Staff Note: Regarding this issue, staff notes two points. First, the cap involves the open group projection, which, as the Board is well aware, includes all participants and all revenue and cost over 75 years. It is a different measure than the liability the staff recommended, which measures the gross cost of benefits for a specific, limited population group. No taxes to be paid in the future or benefits to be credited in the future would be included in the liability. Assets (i.e., Treasury securities), which represent accumulated excess revenue received as of the reporting date, would be accounted for separately under the proposal. Secondly, this appears to be a "funding" issue, and the Board has said that funding should not affect liability recognition. Also, the cap would affect the Medicare liability sooner than the Social Security. The statutory provisions for Medicare will be inefficient to pay 100 percent of HI claims (SMI, Part B, re doctor bills has access to the General Fund and therefore has no such "cap") will arrive much sooner than for Social Security.]	makes it a self-financing program.	liabilities for other unfunded programs is appropriate, these programs are unique because of the public communication that full benefits will not be paid in the future. However, the full exposure or responsibility for the federal government should be communicated in the SOSI.
Question #3 – What assumptions should be used in projecting cash flow? The staff recommends a general	The members agreed with the recommendation.	No disagreement was expressed.

	Board Majority View	Board Minority View
requirement as in SFFAS 5 with a reference to actuarial standards of practice. The recommendation is a pragmatic approach to this very difficult subject and has been effective for past FASAB standards. Also, from a cost-benefit perspective, one might question not availing of the current process.		
Question #4 – How should uncertainty be illustrated? **In addition to the recommendations below regarding display, disclosure and RSI, the staff recommends exploring the use of "expected present value" as an alternative to present value based on the "best estimate."** The expected cash flow approach accommodates the use of present value techniques when the timing of cash flows is uncertain. The expected cash flow approach focuses on explicit assumptions about the range of possible estimated cash flows and their respective probabilities. The "best estimate" approach is well known and perhaps even "generally accepted" with respect to Social Security and Medicare, and yet the EPV approach is gaining is acceptance in the private sector and is worth exploring for social insurance.	The members agreed with the recommendation and decided that the exploration would be part of the measurement project or at least not part of the Social Insurance Liability Project.	No disagreement was expressed.

	Board Majority View	Board Minority View
Question #5 – What should be recognized as social insurance "expense" or "cost"? **The staff recommends four components.** For OASDI and HI the four components of cost describe above – "service cost," interest on the liability, actuarial gains and losses, and prior service cost – are consistent with the benefit promise expressed for OASDI and HI as a given amount per year of work in covered employment as well as the changes therein in subsequent periods. For SMI staff recommends the insurance accounting provided in SFFAS 5 and FAS 60. The staff recommends that SMI be characterized as short-term health insurance because it has the short-term characteristics discussed in FAS 60, e.g., SMI provides insurance protection for a fixed period, and the Government may adjust the provisions of coverage at the end of any coverage period. The cost of SMI would be the all claims incurred during the period, including, when appropriate, those not yet reported and contingencies that meet the criteria for recognition; and a provision for premium deficiency, if any. As short-duration insurance SMI is not likely to have premium deficiency. The SMI would involve a	A majority of the Board agreed with the recommendation.	No disagreement was expressed but Mr. Patton raised an issue regarding what the cost or expense would be for. He noted that the staff memo, on page 1, notes that a majority of the Board tentatively decided that the obligating event for Social Security and Medicare Hospital Insurance (HI) occurs when participants meet the 40-quarters of work in covered employment (or equivalent) condition. On page 2, the memo says that a key component of cost is the present value of future outflows attributable to obligating events occurring in the reporting period. He said these two statements did not appear to work together, unless work in covered employment after 40 quarters is also an obligating event. He asked what the obligation occurring at 40 quarters is for. He suggested it was for the present value of the full amount due when the participant retires rather than only the amount credited to the participant at 40 quarters, plus the annual increments after that, based on work covered employment to the reporting date. He said the subsequent increments were being treated as if an earnings process was taking place, which he disagreed with. However, if the latter is the Board's position, then the subsequent work in covered employment was also an obligating event. Mr. Dacey said he also saw a comparison issue between the staff recommendation for measuring Social Security as an incremental cost versus the SMI approach. He said future revenue should be included because it is a realistic assumption that participants will be paying the premium when they are getting the benefits. He said he did not know why that was not being recommended for Social Security as well. Mr. Torregrosa said that CBO does not distinguish between Social Security and Medicare Hospital Insurance, Part A, on the one hand and Medicare SMI,

	Board Majority View	Board Minority View
shorter-range estimate than Social Security and HI, but where longer-range estimates were necessary, present value would be appropriate. In the case SMI cost would include components like those measure for OASDI and HI, i.e., present value, interest on the obligation, actuarial gains and losses.		Part B, on the other. Thus, CBO would reject the insurance accounting approach for SMI, Part B, and in particular would not count any future premium income in the estimate because that would not be done for Social Security. He said CBO favors accelerating the recognition point for SMI to 40 quarters.
Question #6 – What should be recognized as the social insurance liability? **The staff recommends that liability be the accumulated cost.** Accrued costs and liabilities for social insurance would exclude costs attributable to obligating events occurring in the future.	Chairman Mosso polled the Board. A majority agreed with the staff recommendation that the liability is the accumulated cost.	No disagreement was expressed regarding the notion that the liability should be the accumulated cost. Mr. Patton raised an issue discussed in Question #5 above. Mr. Zavada said that the staff paper had only been available for a short period of time and he had not had time to consult with SSA or HHS on the different questions, which he wanted to do before weighing-in.
Question #7 – What should be displayed for social insurance on the statement of net cost, balance sheet, and other statements? **The Social Insurance project staff recommends a total amount for cost on the statement of net cost and liability on the balance sheet representing all components of accrued cost and liability. The totals could be disaggregated by, for example, age cohort, and/or by degree of uncertainty, and/or by "service cost" plus interest on the liability and actuarial gains and losses.**	The Board did not have an opportunity to address this question at this time. Mr. Reid suggested a separate presentation for actuarial gains and losses for social insurance and all other programs where they are significant. He said he has a very strong preference for not commingling operating expenses with changes actuarial assumptions and for finding some place other than the statement of net cost to put the effects of changes in assumptions. Mr. Reid said his goal is to display the components of a change in the liability rather than aggregating it in one number. This would highlight, for example, frequent changes in assumptions that have little economic justification. He said he wants to avoid having hundred billion(s) dollar swings affecting the	

	Board Majority View	Board Minority View
With respect to employee pensions and other retirement benefits the FASAB precedent is to recognize all components of net cost in the year of incurrence. The conclusion has been that, for example, amortizing actuarial gains and losses over X number of years produces a "smoothing" effect that can be misleading and in the private sector has allowed the preparer to manage earnings.	statement of net cost. He prefers that the latter display the cost of running the government for a year. Mr. Reid said there would be several choices for displaying actuarial gains and losses when they arise. He suggested, for example, that they could be capitalized and amortized; or, they could be booked directly to a statement that displays these effects, which could be closed to net position; or they could be displayed as a line item on the statement of changes in net position so that, in effect, they do not hit the operating cost in the year the changes in assumptions occur. He said that changing the bottom line on this statement to "operating cost" would be a possibility. Chairman Mosso said he preferred that actuarial gains and losses not be reported directly to net position. They ought to flow through a statement.	
Question #8 – What should be disclosed about social insurance in the notes? **The staff recommends … to be determined.**	The Board did not have an opportunity to address this question at this time.	
Question #9 – What should be done with RR Retirement, Unemployment Insurance, and Black Lung Benefits? **Staff recommends the following:** **Railroad Retirement – analogize to OASDI and SMI.** **Unemployment Insurance –**	The Board did not have an opportunity to address this question at this time.	

	Board Majority View	Board Minority View
continue to apply SFFAS 17 **Black Lung Benefits – continue to apply SFFAS 17** Railroad Retirement program features are similar enough to OASDI and Medicare to apply the same approach. Unemployment insurance is unlike OASDI and SMI and for the present the SFFAS 17 is adequate. Black Lung Benefits is immaterial and is phasing-out and SFFAS 17 requirements are adequate.		
Question #10 – What is the reporting objective for social insurance? **The staff recommends that the objective should be to report the costs incurred in during the reporting period based on obligating events in that period.** The objective of the communication should be to report the costs incurred in during the reporting period and the amount of those costs that will have to be financed in future budgets. The latter are sometimes referred to as "legacy costs" or "sunk costs." They represent the accrued liability portion of long-term actuarial projections. Other measures are either macro economic or pertain to a specific aspect of the plan, e.g., return on investment.	A majority of the Board agreed with the recommendation.	No disagreement was expressed, but see Mr. Patton's issue in Question #5 above.

Social Insurance, Tab B, Attachment 3 – "Table of Decisions and Points of Consensus" as of June 2008, including the Matrix of Members' Responses to Staff Questions

<table>
<tr><td></td><td>Board Majority View</td><td>Board Minority View</td></tr>
<tr><td colspan="3" align="center">Consensus Items, December 2007</td></tr>
<tr><td>There is a consensus among members regarding the following components of a social insurance standard, which primarily involve display:</td><td colspan="2">1. Retain the Statement of Social Insurance (SOSI). Some aspects of the format for the SOSI are yet to be determined, but the staff assumes that the SOSI will continue to require five years of data and therefore provide information about trends.

2. Add a statement of changes in SOSI amounts. The format for the statement of changes is yet to be determined. The Primary View proposed expanding the SOSI. The Alternative View proposed a separate statement. Mr. Reid recently suggested expanding the SOSI to explain, for example, how much of the change is due to work in covered employment in the current year, how much is due to benefits paid out during the current year, and how much to changes in assumptions.

3. Retain the SFFAS 17 required supplementary information (RSI).

4. Consider changes to the Statement of Changes in Net Position and other basic financial statements to display social insurance information. The possibilities include a new line item(s) and/or section(s) for the current statements as well as a new basic statement to bridge the Balance Sheet, Statements of Changes in Net Position and of Net Cost, and/or the SOSI.

5. Congress's ability to change a social insurance program, by itself, does not mean that obligations under the program are not liabilities.

6. Proposals regarding social insurance display eventually will be explained in the context of the current FASAB accounting and reporting model. New information and displays may or may not align with this model. Alternatives will be evaluated against the elements definitions, current concepts of recognition versus disclosure, and implications for other statements in the model.</td></tr>
<tr><td colspan="3" align="center">Majority Positions, April 2008</td></tr>
<tr><td></td><td colspan="2">At the April meeting, the Board continued its discussion of the nature and display of social insurance information, and there appeared to be a majority for:

1. highlights information to be presented in the governmentwide management's discussion and analysis (MD&A) section, as requirement supplemental information (RSI). The highlights would include the information in Table 1,"The Nation By the Numbers – An Overview," which was presented in the introductory, "citizen's guide," section of the FY 2007 consolidated Financial Report of the United States Government (CFR). In addition, the highlights would include the change in the closed group net present value (NPV) in the "social insurance exposures" section, rather than in the costs section;</td></tr>
</table>

	Board Majority View	Board Minority View
	2. a line item for the closed group NPV in a stand alone section on the balance sheets of the governmentwide and component entities; 3. no additional displays on the governmentwide or component entity operating statement, statement of net cost, or statement of changes in net position; 4. a summary section on the governmentwide SOSI displaying the NPV of the closed group and open group, as was done for the FY 2007 CFR. In addition, for the component entity's SOSI, the same summary section as for the CFR; and 5. a statement of changes in SOSI amounts, closed group only, for the governmentwide and component entities, with a format as proposed in April 2006.	

Social Insurance, Tab B, Attachment 3 – "Table of Decisions and Points of Consensus" as of June 2008, including the Matrix of Members' Responses to Staff Questions

Tab B, Attachment 2 (cont.) – Matrix of Members' Responses to Staff Questions, April 2008

HIGHLIGHTS STATEMENT (Attachment 1 in April briefing material)										
	NJ	JF	HS	BM	BR	DW	BD	AS	JP	TA
Should the CFR have a highlights statement (HS)?	Yes, require highlights in the MD&A, not as a basic financial statement. Be somewhat prescriptive.	Yes	Yes, require highlights in the MD&A, not as a basic financial statement	No. Don't prescribe MD&A.	Yes, require highlights in the MD&A. Does not need to be a basic fin. stmt. Do not be too prescriptive.	Yes. Agrees with Mr. Steinberg. Require highlights in the MD&A, not as a basic financial statement.	Yes, highlights could be in the MD&A. Should not be a basic fin. stmt. Do not be too prescriptive.	Yes, require highlights in the MD&A, not as a basic financial statement	Yes	Yes, require highlights in the MD&A, not as a basic financial statement
If so, is format in Attachment 1 appropriate? If not, what add/subtract?	Yes but do not display Treasury securities & assets.	Yes	No. Guidance should be the "what" only, not "how."	N/A (see immediately above)	Yes but do not display Treasury securities & assets.	No. Guidance should be the "what" only, not "how."	Should not prescribe format but, in any case, he'd show change in SI with "SI exposures," not with "costs." Would not display Treasury securities & assets.	Yes but do not display Treasury securities & assets.	Yes	Yes but do not display Treasury securities & assets.
Should Highlights include fiscal imbalance?	Yes	No specific comment	No specific comment	No specific comment	Yes	No specific comment	SI should be a part of eventual fiscal sustainability discussion in MD&A.	No specific comment	No specific comment	No specific comment
Should Highlights be "basic"?	No. Should be RSI.	Yes	No. Should be RSI.	No	No. Should be RSI.	No. Should be RSI.	No	No. Should be RSI.	Yes	No. Should be RSI.

Social Insurance, Tab B, Attachment 3 – "Table of Decisions and Points of Consensus" as of June 2008, including the Matrix of Members' Responses to Staff Questions

BALANCE SHEET LINE ITEMS (Attachment 2 in April briefing material)										
	NJ	JF	HS	BM	BR	DW	BD	AS	JP	TA
Should CFR and component entity balance sheets (B/S) have line items as proposed?	Yes. Display NPV of closed group. Do not display Treasury securities & assets.	Yes	No	Yes. Do not display Treasury securities & assets.	Yes. Do not display Treasury securities & assets.	No	No	Yes. Do not display Treasury securities & assets.	Yes	Yes. Do not display Treasury securities & assets.
If concept of B/S line items is acceptable, do you approve format? If not, what instead?	Yes. Do not present Treasury securities & assets in CFR. Consider Chart 13-1 from *Budget*.	Yes	N/A (see immediately above)	Yes. Do not present Treasury securities & assets in CFR.	Yes. Do not present Treasury securities & assets in CFR.	N/A (see immediately above)	N/A (see immediately above)	Yes. Do not present Treasury securities & assets in CFR.	Yes	Yes. Do not present Treasury securities & assets in CFR.
OPERATING STATEMENT LINE ITEMS (Attachment 3 in April briefing material)										
	NJ	JF	HS	BM	BR	DW	BD	AS	JP	TA
Should CFR & component oper. stmts. have line items?	No. SI ≠ op. costs.	Yes	No	No	No	No	No	Yes	Yes	Yes
If concept of oper. stmt. line items is acceptable, do you approve format? If not, what instead?	N/A (see immediately above)	Yes	N/A (see immediately above)	N/A (see immediately above)	N/A (see immediately above)	N/A (see immediately above)	N/A (see immediately above)	Yes. Do not present Treasury securities & assets in CFR.	Yes	Yes

Social Insurance, Tab B, Attachment 3 – "Table of Decisions and Points of Consensus" as of June 2008, including the Matrix of Members' Responses to Staff Questions

STATEMENT OF SOCIAL INSURANCE (Attachment 4 in April briefing material)										
	NJ	JF	HS	BM	BR	DW	BD	AS	JP	TA
Should the CFR SOSI have a summary section?	Yes. It should tie to balance sheet.	Yes	Yes	No specific comment	Yes. It should tie to balance sheet.	No	Yes	Yes	Yes	Yes
If concept of SOSI summary is acceptable, do you approve format? If not, what instead?	Yes. Do not put the assets on the CFR.	Yes. Okay with not to putting assets on the CFR.	Yes. Do not put the assets on the CFR.	No specific comment	Yes. Do not put the assets on the CFR.	N/A (see immediately above)	Yes. Do not put the assets on the CFR.	Yes. Do not put the assets on the CFR.	Yes. D not put the assets on the CFR.	Yes
Should component entities' SOSI have the summary section?	Yes. It should tie to balance sheet.	Yes	Yes	No specific comment	Yes. It should tie to balance sheet.	No	Yes	Yes	Yes	Yes
STATEMENT OF CHANGES IN SOSI AMOUNTS (Attachment 5 in April briefing material)										
	NJ	JF	HS	BM	BR	DW	BD	AS	JP	TA
Do you approve format of statement of changes in SI amounts (SoC) ? If not, what instead?	Yes	Yes	Yes. Pick either the closed or open group.	Yes. Display closed group only.	Yes	Yes	Yes	Yes	Yes	Yes
Should SoC be "basic"?*	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes