

# FASAB Annual Update Forum

4/18/2017

8:30 AM – 12:15 PM

441 G Street NW  
Auditorium – 7th Floor  
Washington, DC 20548

---

8:30 – 8:40 AM	<b>Introduction</b>	<b>Wendy Payne, Executive Director</b>
8:40 – 9:20 AM	<b>Update on Pre-proposal Projects</b> <ul style="list-style-type: none"><li>- Land</li><li>- Implementation Guidance for SFFAS 50</li><li>- Risk Assumed</li></ul>	<b>Domenic Savini, Assistant Director</b> <b>Melissa Batchelor, Assistant Director</b> <b>Wendy Payne, Executive Director</b>

Regarding projects for which no Board proposal has been published, participants will learn about each project's objectives, challenges, tentative Board decisions, options for open issues, and tentative timeline. Participants will have an opportunity to ask questions and make suggestions.

---

9:20 – 10:10 AM	<b>Update on Proposed Standards and Concepts–</b> <ul style="list-style-type: none"><li>- Leases</li><li>- Budget and Accrual Reconciliation</li><li>- Reporting Model</li></ul>	<b>Monica Valentine, Assistant Director</b> <b>Grace Wu, Assistant Director</b> <b>Ross Simms, Assistant Director</b>
-----------------	--	---

Regarding projects for which a Board proposal has been published, participants will learn about each project's objectives, proposed Statements, feedback from respondents, tentative decisions regarding any changes to the proposal, and timeline for completion. Participants will have an opportunity to ask questions and make suggestions.

---

10:10 – 10:25	<b>BREAK</b>	
10:25 – 11:15	<b>Reporting Entity</b>	<b>Moderator: Melissa Batchelor, Assistant Director</b> <b>Panelists: Jaime Saling, Fiscal Service</b> <b>Jennifer DeNardo, Department of Interior</b>

---

---

Statement of Federal Financial Accounting Standards (SFFAS) 47, *Reporting Entity*, guides preparers of financial statements at the government-wide and component reporting entity levels in determining what organizations should be included in the reporting entity's GPFFR for financial accountability purposes. SFFAS 47 was issued in December 2014 and is effective for periods beginning after September 30, 2017. Early implementation was not permitted. The effective date allowed sufficient time for coordination of efforts across the government as well as development of any needed implementation guidance.

A panel of central agency representatives will discuss how the change in the application of principles from the government-wide perspective has been addressed and the results of coordination across the government. The panel will share the status of SFFAS 47 Working Group efforts and when to expect additional guidance.

---

11:15 – 12:05

**Communicating GAAP Information**

**Ross Simms, Assistant  
Director**

**Leigha Kiger,  
Communications Specialist**

Generally Accepted Accounting Principles (GAAP) require the presentation of financial and non-financial information to a variety of users and, through its user needs research, FASAB has learned some of the basic concerns citizens, program managers, and other users have expressed when reviewing GAAP-based information. Management's Discussion and Analysis (MD&A) is the required component to communicate information to a variety of users. This session will discuss users' concerns and provide suggestions for addressing them through the MD&A.

---

12:00 – 12:15

**Other Ongoing Work Wrap Up**

**Wendy Payne, Executive  
Director**

Participants will learn what the goals are for the latest Board projects.



# FASAB Annual Update



UPDATE ON PREPROPOSAL PROJECTS

8:40 – 9:20

DOMENIC SAVINI

MELISSA BATCHELOR

WENDY PAYNE

# Disclaimer



- Views expressed are those of the speaker.



# OVERVIEW



LAND

IMPLEMENTATION GUIDANCE FOR  
ESTABLISHING OPENING BALANCES

RISK ASSUMED

# Implementation guidance for establishing opening balances



**MELISSA BATCHELOR  
FEDERAL ACCOUNTING STANDARDS  
ADVISORY BOARD**

# Overview of SFFAS 50



- *SFFAS 50, Establishing Opening Balances for General Property, Plant, and Equipment*
  - Amends SFFAS 6, SFFAS 10, SFFAS 23 and rescinds SFFAS 35
  - Alternate methods in establishing opening balances for “first-time” adopters
  - Flexibility afforded

# Need for Guidance



- AAPC approved two projects related to SFFAS 50:
  - Conforming amendments to existing technical releases (TRs) based on SFFAS 50's rescission of SFFAS 35.
    - ✦ *Conforming Amendments to Technical Releases for SFFAS 50, Establishing Opening Balances for General Property, Plant, and Equipment* issued April 10, 2017.
  - Implementation guidance to assist with issues related to SFFAS 50.
    - ✦ Task force established
    - ✦ Goal is to issue TR by the end of the fiscal year



# Additional guidance



- Land rights –
  - clarification of disclosures
  - may be situations when disclosures may not be required
- Deemed cost
  - Several valuation methods permitted (replacement cost, estimated historical cost, and fair value)
  - Flexibility permitted – management chooses

# Polling Question



- What measurement attributes are permitted under the deemed cost method?
  - A. Estimated historical cost
  - B. Fair value
  - C. Replacement cost
  - D. Any of the above

# Contact Information



Melissa Batchelor

batchelorm@fasab.gov

202.512.5976

[www.fasab.gov](http://www.fasab.gov)

LAND



Domenic Savini, Assistant Director

# Where are we and where do we go?

11

“We need consistency in application and more debate on the different choices before us.”

“Can the Board live with different standards for different agencies?”

“We cannot have consistency because not all land is treated consistently among the agencies.”

“People care about where land is located...financial information...seems of limited use.”

“In what ways are we possibly disadvantaging users?”

“Users need information other than historical cost information.”

# Relevant Task Force Results

12

- **Understandability** and **reliability** were noted by you to be the most important qualitative characteristics to Users. You also selected these as the most important (top two) to you.
- **81% believe** that **users would be “short-changed” if** the qualitative characteristic of **reliability is not met** for.
- **62% do not believe** that information related to land **must be (fully) audited**.
- **65% believe** financial **reporting should not be limited** to information that an agency uses to manage by.
- **53% believe information that management uses** to manage its land portfolios **is unreliable** for financial reporting whereas **47%** think it is reliable.

# Relevant Task Force Results

13

- **65% believe** users benefit from **both unit count and acreage** information.
- **71% do not believe that acreage information alone is sufficient** to meet the stewardship objective.
- **67% believe** that NFI can provide accountability to the Public.
- **Results are split that NFI can stand-alone** in meeting the stewardship objective **without** needing accompanying **financial information** such as land valuation; **33% NO, 28% YES, and 39% DEPENDS.**

# Three Proposed NFI Land-Use Reporting Categories



**Conservation and  
Preservation  
(Fauna and  
Flora)**



For example, Interior and USDA would report most land under this category.

**Military, Scientific,  
Nuclear, and Other**



For example, DoD, NASA, VA and Energy would report most land under this category.

**Commercial Use  
(Revenue to  
include In-Kind)**

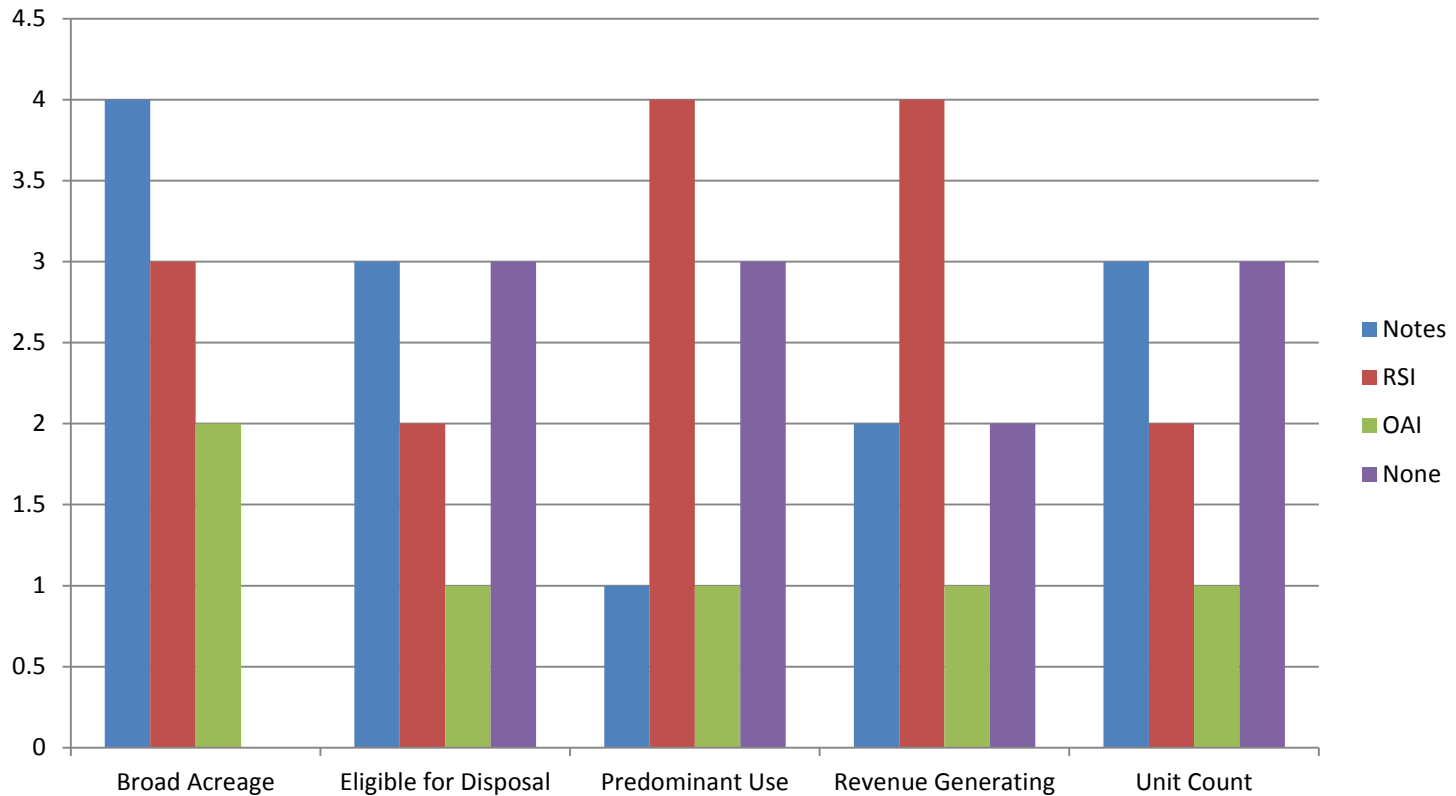


For example, Interior's BLM, NPS, & FWS along with USDA's FS would report land activities generating revenue here.



# NFI Data-points & Presentation Preferences

15



# Contact Information



Domenic Savini  
savinid@fasab.gov  
202.512.6841  
[www.fasab.gov](http://www.fasab.gov)

# Polling Question



- Nonfinancial information is currently required for:
  - A. General PP&E
  - B. Land classified as general PP&E
  - C. Stewardship Land
  - D. All Land

# RISK ASSUMED



Project staff:

Robin Gilliam, Assistant Director

R. Alan Perry, GAO Detailed Staff

# What Are Risks Assumed?



- Earlier definition - Risk assumed is ..the risk inherent in the **insurance or guarantee** coverage in force. (SFFAS 5, par. 105)
- Limited to insurance and guarantees.
- Information provided about “expected losses” in the future but those losses were not recognized.

# Examples



# Why It Matters

11



- **Transparency** – Considering how uncertainty might affect outcomes is important to understanding financial position and performance.
- **Completeness** – Need to aggregate information that helps users weigh risks assumed by the central government as a whole.

# Does it Help Meet Reporting Objectives?

13

- **Operating Performance** – cost of government actions and how costs are financed may be affected by risks and may create risks.
  - *Risk may be assumed without immediately affecting the budget. Risk may accumulate over time.*
- **Stewardship** – how future budgetary resources will be affected.
  - *Risk should be considered in assessing whether future budgetary resources are likely to be sufficient to sustain public services.*



# Next Steps



- **Assessing risk information gaps**
  - Using the IMF's Fiscal Transparency Code: Pillar III -Risk Analysis and Management, risk analysis and disclosure principles as a general framework.
  - Holding roundtables with users of information to identify information they use.
  - Assessing whether the needed information is (and should be) included in federal financial reports.
- **Coordinating with the US federal government's efforts to adopt Enterprise Risk Management (ERM)**

# Challenges



- Definition (what risks should be considered – explicit and/or implicit, risks all should be aware of or risks unique to the government)
- Measurement
- Overload of information

# Polling Question



- The first phase of the project addressed:
  - A. Loan guarantees under Credit Reform
  - B. Insurance
  - C. Social Security
  - D. All of the above

# Polling Question



- True or False – The Board considers input on each proposal before establishing requirements.

# Contact Information



Wendy Payne  
paynew@fasab.gov  
202.512.7350  
[www.fasab.gov](http://www.fasab.gov)

# Update on Proposed Standards and Concepts



**LEASES**

**BUDGET AND ACCRUAL  
RECONCILIATION**

**REPORTING MODEL**

# Leases



- **Monica Valentine, Assistant Director**

# Leases



- FASAB collaborated with GASB to develop standards for governmental organizations.
- Lease proposal issued late last year and comments received.
- Board is deliberating on comments.



# Leases



- Proposal is to establish a single model (with exceptions for short-term arrangements – 24 months for federal).
  - Leases create assets consisting of the “right to use” a resource.
  - Leases create liabilities consisting of the obligation to pay for the resource.
- Treatment should help identify the interest cost associated with leases.

# Leases-Intragovernmental Exceptions



- Leases between two consolidation entities (as defined in SFFAS 47) would be expensed by lessor when due and payable.
- Minimal disclosure requirements.

# Leases



## Areas under Deliberation

- Clarify the nature of “right to use”
- Weighing benefit vs cost
- Need for implementation guidance
- Implementation date

# Polling Question



- A short-term lease is a lease that, at the beginning of the lease, has a maximum possible term under the contract/agreement of \_\_\_\_\_, including any options to extend, regardless of its probability of being exercised.
- A. 36 months or less
- B. 120 months or less
- C. 24 months or less
- D. 60 months or less
- E. none of the above

# Budget and Accrual Reconciliation



- **Grace Wu, Assistant Director**

# Budget and Accrual Reconciliation



- **Project Goal:**

- Improve the component reporting entity's budgetary and net cost reconciliation
- Support the Government-Wide Accounting (GWA) reconciliation

- **Proposal:**

- Reconcile net outlays and net cost
- Option to present as a financial statement or as a note
- Include narrative and information on noncash outlays
- Effective in FY2018 with restatement of prior period

# Budget and Accrual Reconciliation



- Comments received and being deliberated in April
  - Received overwhelming support for the new format
  - Raised concerns on proposed effective date, restatement of comparative prior period and break-down of federal vs. non-federal in the new format.
  - Comments will be discussed at April Board meeting.

# Polling Question - BAR



- The new format reconciles from net cost to net outlays and replaces:
  - A. The cash flow statement
  - B. The statement of financing note disclosure
  - C. A bank reconciliation



# REPORTING MODEL



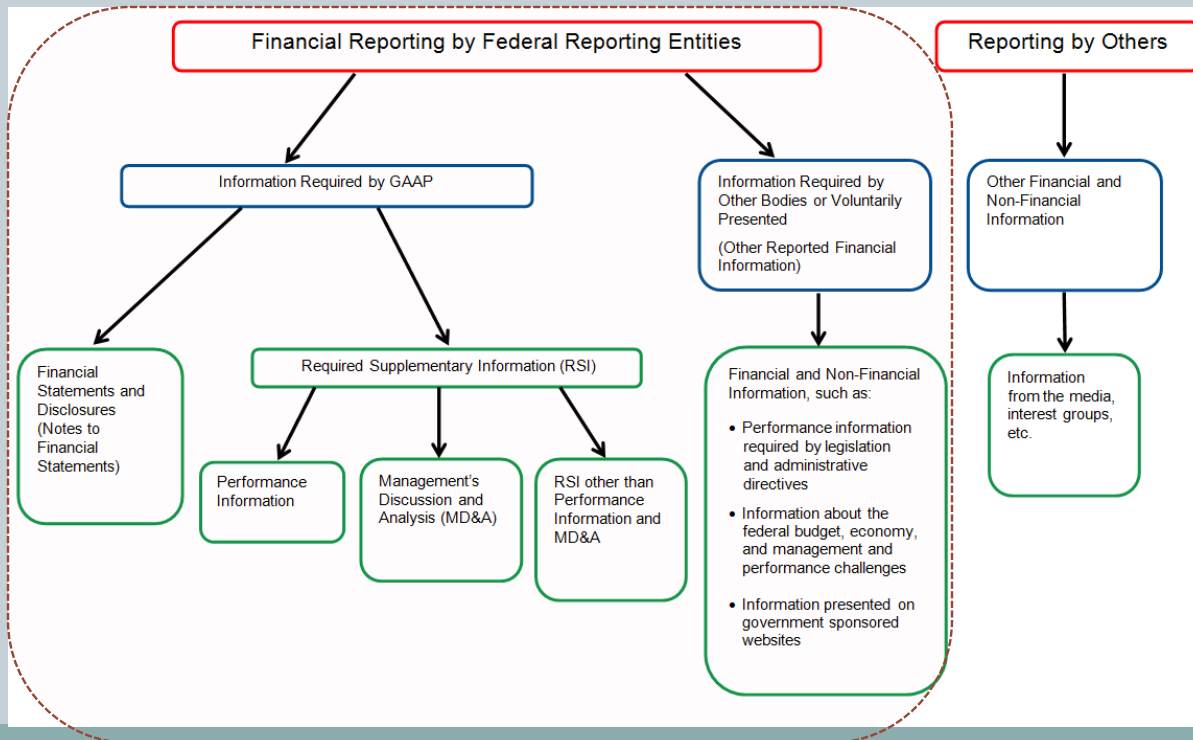
- Ross Simms, Assistant Director

# Reporting Model



- Developing conceptual guidance

- Discusses relationship between GAAP and Other Reported Financial Information (ORFI)



# Reporting Model



Concepts discuss GAAP and ORFI



Contribute to reporting objectives

Required by FASAB

Based on common understanding of terms

Meets qualitative characteristics



Contribute to reporting objectives

Voluntarily presented or required by law, directives, etc.

May lack consistency with GAAP standards

May not meet the qualitative characteristics of financial statements and RSI

# Question

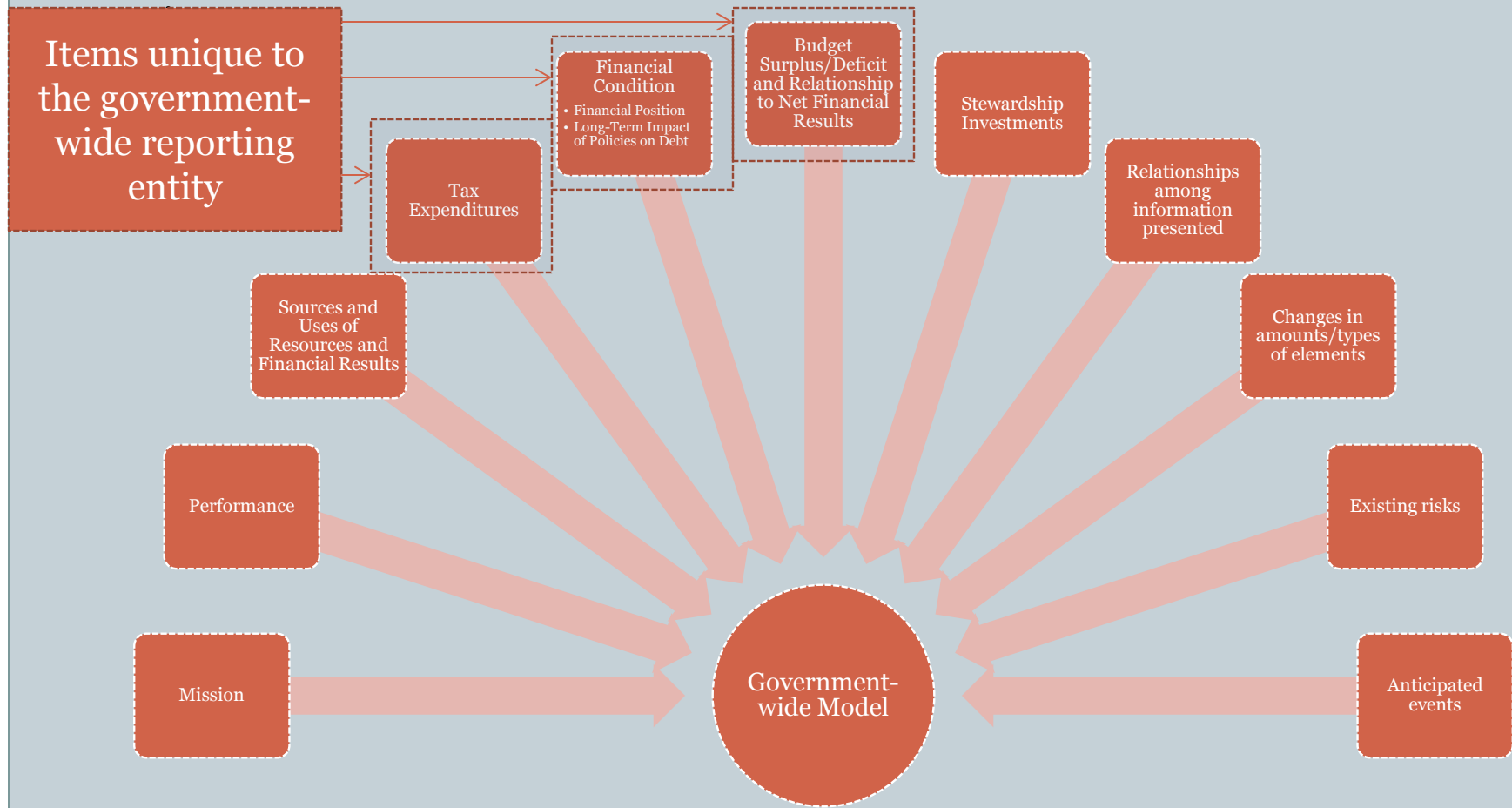


- Information required by GAAP may include performance information
  - A) Yes
  - B) No

# Reporting Model



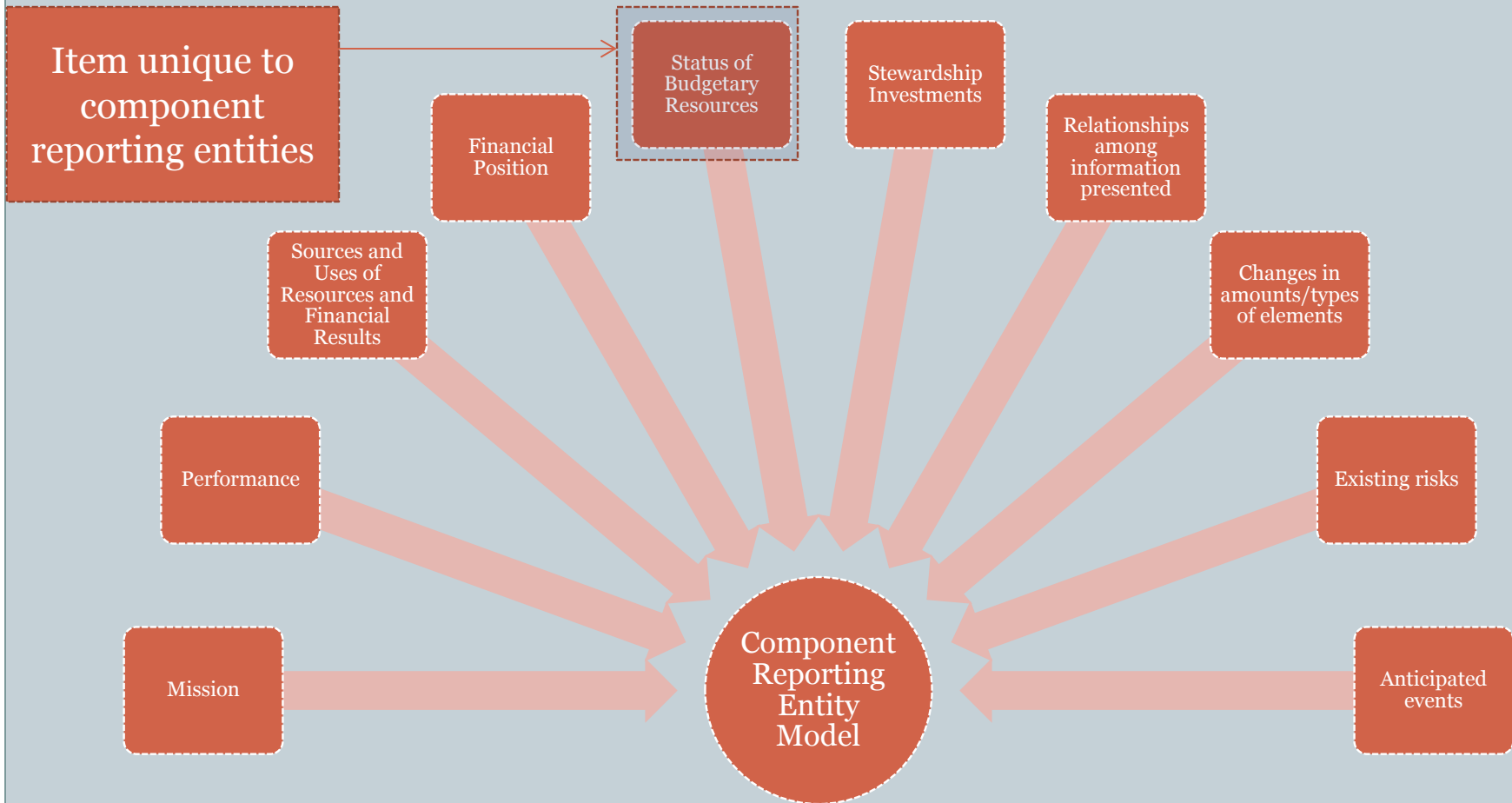
- Concepts discuss information required for the government-wide reporting



# Reporting Model



- Concepts discuss information required for component reporting entities



# Question



- Information about financial position is needed for both the government-wide and component reporting entities
  - A) Yes
  - B) No

# Reporting Model



- **Concepts Discuss**
  - Component reporting entity Budget Authority
  - Users' needs for Performance Results Information
  - Summary Level Information
    - ✦ Benefits of summary level information
    - ✦ Contents, such as
      - Purpose of the information
      - Scope
      - Performance goals and measures
      - Sources and uses of resources and financial results
      - Financial position



# Reporting Model



- Next Steps
  - Develop illustrations

**Management's Discussion and Analysis**

Agencies  Search

HOME ABOUT CITIZENS CONGRESS ANALYST NEWS FAQs & RESOURCES CONTACT US SITE INDEX

**Net Cost by Area**

**Vital Signs**

- Key Programs
- Costs
- Accomplishments
- Looking Ahead

**Key Charts & Tables**

1 2 3 4 5 || ▶

**Mission and Organizational Structure**

- \* Mission
- \* How we Serve America
- \* Key Programs
- \* Organizational Structure

**Key Performance Goals, Objectives, and Results**

- \* Top Performance Goals and Results
- \* Cost Information

**Financial Financial Statements, Systems, Controls, and Legal Compliance**

- \* Analysis of Financial Statements
- \* Systems
- \* Controls
- \* Legal Compliance

**Looking Forward**

- \* Key Challenges Ahead and Future Effects

Other Charts

# Polling Question



- In your opinion, which of the following would most improve the financial reports:
  - A. Electronic reporting
  - B. Program cost information
  - C. Requiring cost information in the MD&A
  - D. Linking budget and accrual costs to performance



# FASAB Annual Update



**MELISSA BATCHELOR  
FEDERAL ACCOUNTING STANDARDS  
ADVISORY BOARD**

**REPORTING ENTITY  
PANEL INTRODUCTION**

# Disclaimer



- Views expressed are those of the speaker.

# SFFAS 47, Reporting Entity



We will ask a few questions to assess.....

**DO YOU KNOW SFFAS 47???**

# SFFAS 47, Reporting Entity



- Which Statement is true- A or B:
  - A. SFFAS 47 principles establish whether an organization is or should be considered a federal agency.
  - B. SFFAS 47 principles guide what organizations should be included in the reporting entity's GPFFR for financial accountability purposes.

# SFFAS 47, Reporting Entity



- The correct answer is B-
  - The principles guide preparers of financial statements at the government-wide and component reporting entity levels in determining what organizations should be included in the reporting entity's GPFRR for financial accountability purposes.
  - Inclusion principles:
    - ✦ budgeted
    - ✦ owned by the federal government, or
    - ✦ controlled by the federal government with risk of loss or expectation of benefits.
  - SFFAS 47 establishes that an organization be included in the if it would be misleading to exclude it

# SFFAS 47, Reporting Entity



- True or False?

SFFAS 47 is very prescriptive about required disclosures and format for disclosure entities.



# SFFAS 47, Reporting Entity



- **False**
- **SFFAS 47 is FLEXIBLE**
- **PRINCIPLES BASED**

# SFFAS 47, Reporting Entity



- Which would qualify as a Related party:
  - A. An organization that the federal government holds a 55% ownership interest
  - B. Significant transactions with another component reporting entity of the federal government.
  - C. Organizations governed by representatives from each of the governments that created the organization, including the United States, wherein the federal government has agreed to ongoing or contingent financial support to accomplish shared objectives (for example, certain multi-lateral development banks)

# SFFAS 47, Reporting Entity



- Answer: C - certain multi-lateral development banks
- SFFAS 47 provides:
  - List of related parties generally would include
  - List of generally would not be considered related parties

# SFFAS 47, Reporting Entity



- **SFFAS 47, *Reporting Entity***
  - issued in December 2014
  - Effective FY 2018
  - Early implementation was not permitted.
  - Allowed time for coordination & guidance from central agencies

# SFFAS 47 Implementation



- **Question: Should prior year financials should be restated if a material change in the reporting entity results?**
- **Answer: Prior year financial statements should not be restated upon implementation of SFFAS 47.**
  - SFFAS 21 paragraph 13 applies regarding implementation of SFFAS 47.

# Contact Information



Melissa Batchelor  
batchelorm@fasab.gov  
202.512.5976  
[www.fasab.gov](http://www.fasab.gov)



BUREAU OF THE  
**Fiscal Service**  
U.S. DEPARTMENT OF THE TREASURY

# Successful Implementation of SFFAS 47, *Reporting Entity*

Jaime Saling  
April 2017



# Why was SFFAS 47 Working Group formed?

---

- Outlined in the process for implementing new and revised Federal Accounting Standards
  - For standards that are complex and will have a significant impact, a “Working Group” maybe formed to help with the governmentwide implementation.





# SFFAS 47 Working Group Members

---

- Department of Homeland Security
- Department of the Interior
- Department of Justice Inspector General
- Department of Transportation
- Office of Management and Budget
- Railroad Retirement Board
- Securities and Exchange Commission
- Smithsonian Institution
- Tennessee Valley Authority
- Department of the Treasury

# Mission of the Working Group

---

- Provide guidance that directs preparers of financial statements at the governmentwide and component reporting entity levels in determining what organizations should be included in the reporting entity's general purpose federal financial report (GPFFR) for financial accountability purposes
- Ensure implementation of guidance consistently and accurately across the federal government

# SFFAS Survey

---

- Compiled the survey using key deciding factors through-out SFFAS 47 and listing them in a branch logic sequence
  - This means the response to a question determines which succeeding question to be answered.
- Used Appendix B: Flowchart of SFFAS 47 as a reference during the survey construction



# SFFAS 47 Survey Completion Timeline

---

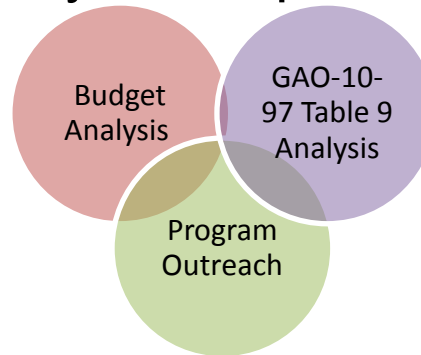
- Aug 2015 – Sent to all identified agencies/organizations in *29-1 Federal Budget by Agency and Account*
- February 2016 – Sent to Federally Funded Research and Development Centers (FFRDC) & Organizations identified as Related Party in 2015 PAR
- July 2016 – Received surveys from 280 organizations
  - Completed and approved 91% determination by the Working Group
  - **Majority of agencies still need concurrence from their Inspector General and/or External Auditor**
- On-going – Continue to work through survey discrepancies

# SFFAS 47 Agency Level Analysis

---

- Government-wide workgroup analysis will not support the agency level assertions of accountability & completeness

DEFINE THE POPULATION:



## Program Outreach

- Most difficult process in agency level standard implementation
- How do we know what is out there?
  - a. Review Agency Statutes & Regulations
  - b. Review Agency Organization Charts - Is an entity included that was not identified as part of the scope of the budget process?
  - c. Review Agency Ownership Interests
  - d. Review continuing relationships established by statute or Agency actions for applicability.

# SFFAS 47 Agency Level Analysis

---

## Document the Analysis & Conclusions

- Standardized agency level workbook based on Treasury survey
- Contains instructions and references to the standard
- Groups analysis based on 3 population categories
  - Budget Analysis – easily defined
  - GAO Table – easily defined listing to use in addition to the budget analysis
  - Program Outreach - “casting the net”

## Benefits of Standardizing the Agency Level Analysis

- Internal Framework
- Consistency
- Supports Accountability *and* Completeness
- Audit Support

# SFFAS 47 Q&A

---

- Questions asked by agencies
- Draft agency determinations (Consolidated, Disclosure, Related Party)
- Updates by the SFFAS 47 Working Group
- Available on Fiscal Service Website, Treasury Financial Manual website, and OMB Max.gov
- Agencies are informed of the Q&A updates through governmentwide emails



# SFFAS 47 Determination Challenges

---

- Disagreement between agency and IG on determination
- Interpretation of the standard
- Looking beyond the budget
- Concerns of implementation when determination goes from disclosure to consolidated
- Determinations worked through by July 2017





# TVA (CFO and Legal) - Determination of TVA

---

- SFFAS 47 Principles of Inclusion - met
- Determination of Disclosure – Quasi-governmental
  - Characteristics of Consolidation Entities
    - Financed through taxes and other non-exchange
      - Listed in the budget
        - » TVA is not financed through taxes and other non-exchange revenue
        - » Operation funded by the generation and sale of electricity
        - » President can adjust budget, but TVA is not legally bound by these changes
        - » TVA budget will not be a burden to the taxpayers or the Treasury (The Senate Committee on Public Works Report No. 426)
  - Governed by the Congress and/or the President
    - Is a corporation with a separate legal identity from the federal government
    - TVA is governed by a nine-member board of directors appointed by the President

# TVA (CFO and Legal) - Determination of TVA

---

- Imposes or may impose risks and rewards to the federal government
  - TVA receives no funding from general tax revenues
  - Has power to issue and sell up to \$30 billion of bonds for construction or acquisition of PP&E (*TVA Act*)
    - » Paid back solely by TVA's net power proceeds
  - OMB reviewed the potential to divest TVA from the federal government
    - » Report concluded no impetus for the federal government to change its stance
- Disclosure - Quasi-governmental (*SFFAS 47, Reporting Entity*)
  - Financially independent entities which have relationships with the federal government that are not temporary
  - Governance is structured through officials appointed every five years by the President
  - Provides services on a market basis

# Next Steps

---

- SFFAS 47 Q&A becomes an official Treasury Bulletin in Summer of 2017
- Treasury Bulletin will include Closing Package requirements for FY 2018
- Concurrence from IG and/or External Auditor sent to Fiscal Service ([janis.doak@fiscal.treasury.gov](mailto:janis.doak@fiscal.treasury.gov))



# Contact Information

---



## Jaime M. Saling

Department of the Treasury  
Bureau of the Fiscal Service

(304) 480-5129

[Jaime.Saling@fiscal.treasury.gov](mailto:Jaime.Saling@fiscal.treasury.gov)

# Contact Info – Agency Level Analysis

---



**Jennifer DeNardo, CPA, MBA**

Department of the Interior

Office of the Secretary

Office of Financial Management

(303) 589-3570

Jennifer\_Denardo@ios.doi.gov



# Communicating GAAP Information

April 18, 2017

# Objective



- **This session will discuss users' concerns regarding GAAP-based presentations and provide suggestions for addressing them through Management's Discussion and Analysis (MD&A).**

# Understand Your Purpose for Writing



- **What type of document are you writing?**
  - **Email—text should be short, polite, direct**
  - **Report to external stakeholders—text should be as formal, technical, and in-depth as necessary**
  - **Social media post—text should include a hook that makes it relevant today and a graphic/picture**
- **What is the ask?**



# Management's Discussion and Analysis



Reporting understandable, accessible information on the Government's actions and the effects of its actions helps assure accountability and provides a more "level playing field" on which the public interest can best be served.  
– SFFAC 3

- **The role of MD&A**
  - **Communicates management's insights**
  - **Increases understandability and usefulness of information**
  - **Provides accessible information about the entity's**
    - **Mission and organizational structure**
    - **Performance goals, objectives, results**
    - **Financial statements**
    - **Systems, controls, compliance**
    - **Existing, currently-known demands, risks, uncertainties**
    - **Anticipated future demands, events, conditions, and trends**

# Polling Question #1



**MD&A should discuss everything that happened during the period.**

- A. True**
- B. False**

# Understand Your Audience



- **Who is my audience? What are readers' demographics—age, income, level of education, and job experience?**
- **How familiar are they with financial terminology?**
- **What financial concepts can you safely assume they'll understand?**
- **How will they read the document for the first time? Will they read it straight through or skip around to the sections that interest them?**
- **How will they use the document? What information will they be looking for later, and is it easy to find?**

# The Audience



**Who are the potential users of GAAP-based information?**



# The Audience



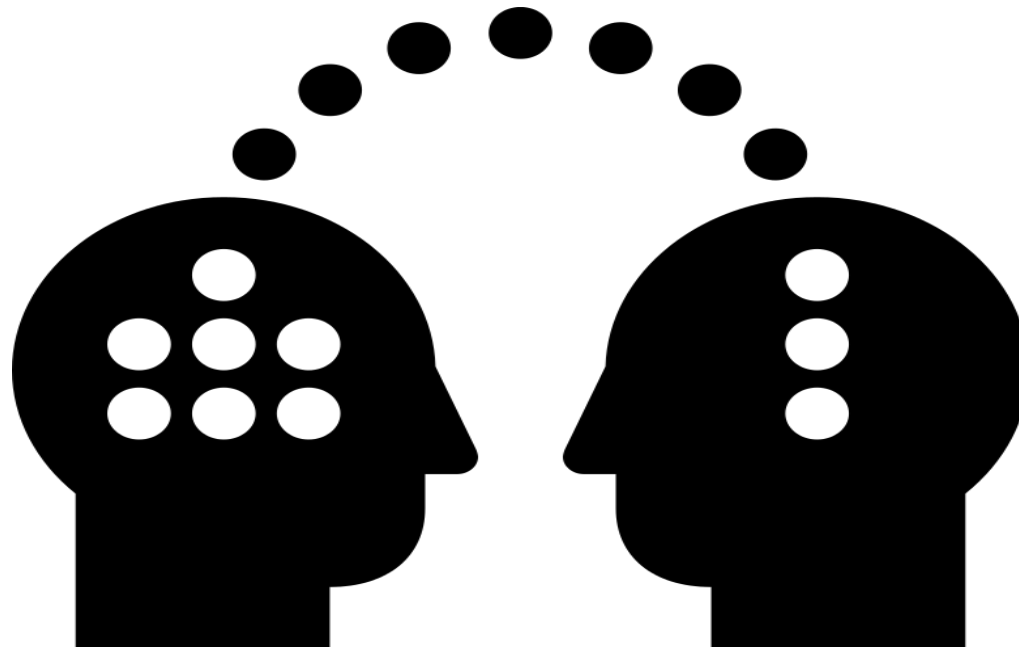
- **Potential users**
  - **Citizens**
  - **Congress**
  - **Executives**
  - **Program Managers**



# The Audience



- **What we learned**



# The Audience



- **Diverse interests**
  - **Budget information**
  - **Performance information**
  - **Costs**



# The Audience



## Preferred features of presentation to potential users:

- Interactivity
- Plain language
- Limited text
- Video, charts, pictures
- Easily accessible
- Ability to query





# The Audience



“Explain the information in a language that I can understand.” - citizen

“The term budgetary resources bothers me. I know it is used throughout the federal government, but I just do not understand that term exactly.”

- **Potential Users**

- **Sought understandable information**
  - The definition of key terms not always clear
  - Expected the presentation to be easily digestible
- **Relied on various sources for convenience or accessibility**
- **Sought explanations for changes in amounts over time**
- **Likely to start with a brief presentation**

“To make figures more meaningful, the presentation needs to show the ‘impact’ of costs.”

# Polling Question #2



**Citizens prefer presentations with many unfamiliar terms.**

**A. True**

**B. False**



**“The most valuable of all talents is never using two words when one will do.”**

**~Thomas Jefferson**

# What is Plain Language Writing?



**...plain writing is writing that is clear, concise, well-organized, and consistent with other best practices appropriate to the subject or field and intended audience. Such writing avoids jargon, redundancy, ambiguity, and obscurity.**

— OMB Memorandum M-11-15

# Polling Question #3



**How long is the average attention span?**

- A. 4 seconds**
- B. 8 seconds**
- C. 12 seconds**
- D. 20 seconds**

# Impact of Plain Language Writing



**Before:** If there are any points on which you require explanation or further particulars we shall be glad to furnish such additional details as may be required by telephone.

**After:** If you have any questions, please phone.

**Before:** High-quality learning environments are a necessary precondition for facilitation and enhancement of the ongoing learning process.

**After:** Children need good schools if they are to learn properly.

# Ways to Connect with Your Audience



❖ **Short sentences**

❖ **Effective formatting**

❖ **Figures grounded in the familiar**

❖ **Precise language**

❖ **Short paragraphs**

❖ **Introducing new terms piecemeal**

# Sentence Length



**Make the information as easily digestible for your audience as possible.**

## How?

- If you have to reread a sentence two or three times to understand the information, it is too long.
- Consider creating a list broken out from the text.



# Examples of Explaining Financial Statement Figures



## **Before:**

**In FY 2016, the Department continued the President's priority to support the welfare of citizens with program A, program B, program C, and Program D, as reflected on the Statement of Net Cost, page 35 of the Agency Financial Report, with total net costs of \$60 billion, a 9 percent decrease compared to total program costs during the prior year before Congress authorized these successful programs.**

# Examples of Explaining Financial Statement Figures



## After:

The Statement of Net Cost (SNC) is presented on page 35 of the Agency Financial Report. The SNC presents gross costs, revenues, and the net cost of operations for the Department.

In FY 2016, gross costs for the Department totaled \$70 billion. These costs increased 5 percent from FY 2015 due to the addition of three new programs. Each of the new programs received revenues from fees charged for services and, in FY 2016, they received \$10 billion. Upon subtracting these revenues from the total gross costs, net costs for the Department totaled \$60 billion, a 9 percent decrease from the prior year.

# Example Description



## Following the Money

NSF is funded primarily through congressional appropriations to six accounts: Research and Related Activities (R&RA), Education and Human Resources (EHR), Major Research Equipment and Facilities Construction (MREFC), Agency Operations and Award Management (AOAM), National Science Board (NSB), and Office of Inspector General (OIG). Appropriations in these six accounts in FY 2016 totaled \$7,463 million,<sup>6</sup> an increase of \$119 million, or almost 2 percent, over the FY 2015 appropriations level of \$7,344 million. R&RA, EHR, and MREFC appropriations fund the agency's programmatic activities and accounted for 95 percent of NSF's total appropriations in FY 2016. Figure 1.1 provides details on NSF's FY 2016 appropriations.

# Example Description with Mouse-Over Feature

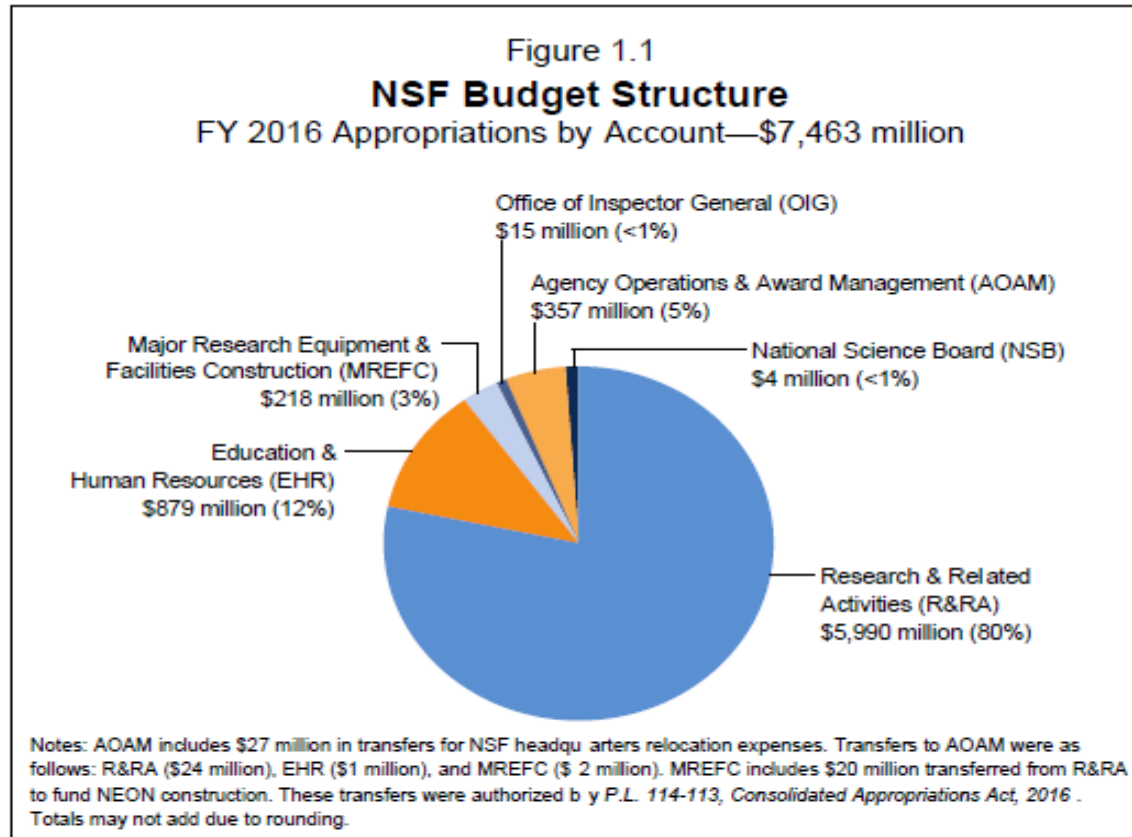


## Following the Money

NSF is funded primarily through congressional appropriations to six accounts: Research and Related Activities (R&RA), Education and Human Resources (EHR), Major Research Equipment and Facilities Construction (MREFC), Agency Operations and Award Management (AOAM), National Science Board (NSB), and Office of Inspector General (OIG). Appropriations for FY 2016 are \$7,463 million,<sup>6</sup> an increase of \$119 million, or almost 2 percent from FY 2015's \$7,344 million. R&RA, EHR, and MREFC appropriations accounted for 95 percent of NSF's total appropriations in FY 2016 appropriations.

Provided in appropriation acts, authorizing laws, or other legislation, appropriations permit agencies to incur obligations and make payments

# Example Format



- R&RA, which supports basic research and education activities at the frontiers of science and engineering, including high-risk and transformative research, accounted for 80 percent of FY 2016 funding. The FY 2016 R&RA funding level of \$5,990 million was \$56 million, approximately 1 percent, above the FY 2015 appropriation of \$5,934 million.

# Polling Question #4



**Presenting the same information in various formats can be an effective tool for reaching wider audiences.**

- A. True**
- B. False**

# Introducing New Terms Piecemeal



**Discussing**  
**Appropriations**  
**Budget Authority**  
**Obligations**  
**Outlays**  
**in the same sentence**

# Omit Unnecessary Words



<b>due to the fact that</b>	due to
<b>in the event of</b>	if
<b>successfully complete</b>	complete
<b>with the exception of</b>	except for
<b>in an effort to</b>	to
<b>in order to</b>	to
<b>a number of</b>	several, a few, many
<b>a sufficient number of</b>	enough
<b>at this point in time</b>	now
<b>is able to</b>	can
<b>on a monthly basis</b>	monthly
<b>on the grounds that</b>	because
<b>an amount of X</b>	X
<b>be responsible for</b>	must
<b>due and payable</b>	due
<b>cease and desist</b>	stop
<b>knowledge and information</b>	(either one)



# Wrap-Up



- **Purpose for writing**
- **Audience**
- **Plain language best practices**
- **Criteria for focusing MD&A discussion**
  - **Consider matters that could**
    - **Lead to significant actions or proposals**
    - **Be significant to Congress or the Administration**
    - **Significantly affect the judgments of citizens**

# Sources



- [www.PlainLanguage.gov](http://www.PlainLanguage.gov)
- *Federal Plain Language Guidelines*, May 2011
- *A Plain English Handbook, How to Create Clear SEC Disclosure Documents*, U.S. Securities and Exchange Commission, August 1998
- <http://www.lauchmangroup.com/PDFfiles/PLHandbook.PDF>
- <http://www.plainenglish.co.uk/campaigning/examples/before-and-after.html>
- [http://www.nytimes.com/2016/01/22/opinion/the-eight-second-attention-span.html?\\_r=0](http://www.nytimes.com/2016/01/22/opinion/the-eight-second-attention-span.html?_r=0)