

Fiscal Sustainability Reporting

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- United States

New FASAB Standard 36 Issued in September 2009

- New financial statement
 - “Long-Term Fiscal Projections for the U.S. Government”
 - Basic financial statement beginning in fiscal year 2013
 - Reported as unaudited information for fiscal years 2010-2012

Long-Term Fiscal Projections for the U.S. Government

- Present value of receipts, non-interest spending, and net, disaggregated by major program
- Change from the prior year for each line item
- Projection period – finite period sufficient to illustrate long-term sustainability
- Fiscal gap on the statement or in the notes
- Similar to current FASAB Statement of Social Insurance (SOSI), except that it includes all government programs
 - SOSI has been audited for 4 years – unqualified opinions
 - AICPA Statement of Position (SOP) 04-1 *Auditing the Statement of Social Insurance* – provides audit guidance on auditing the SOSI - in addition to SAS 57, *Auditing Accounting Estimates*

Disclosures

- Policy assumptions
 - Identification of policy assumptions used
 - Based on current policy without change
 - Significant departures from current law
 - Significant differences from assumptions in the SOSI
 - Significant reasons for changes from the prior year
- Disaggregated information between programs funded by general revenues and programs funded principally through payroll and self-employment taxes (currently Social Security and Medicare Part A)
- Explanation of limitations

Unaudited Required Supplemental Information

- Historical and projected trends
 - Debt held by the public
 - Receipts and spending
 - Deficits and surpluses
- Major factors affecting projected receipts and spending
- The cost of delaying policy changes, if projected non-interest spending exceeds receipts
- The results of alternative scenarios
- Information to provide more context to the estimates

Illustrative Presentations

Illustrative Long-Term Fiscal Projections-75 Years Based on GAO's Alternative Simulation

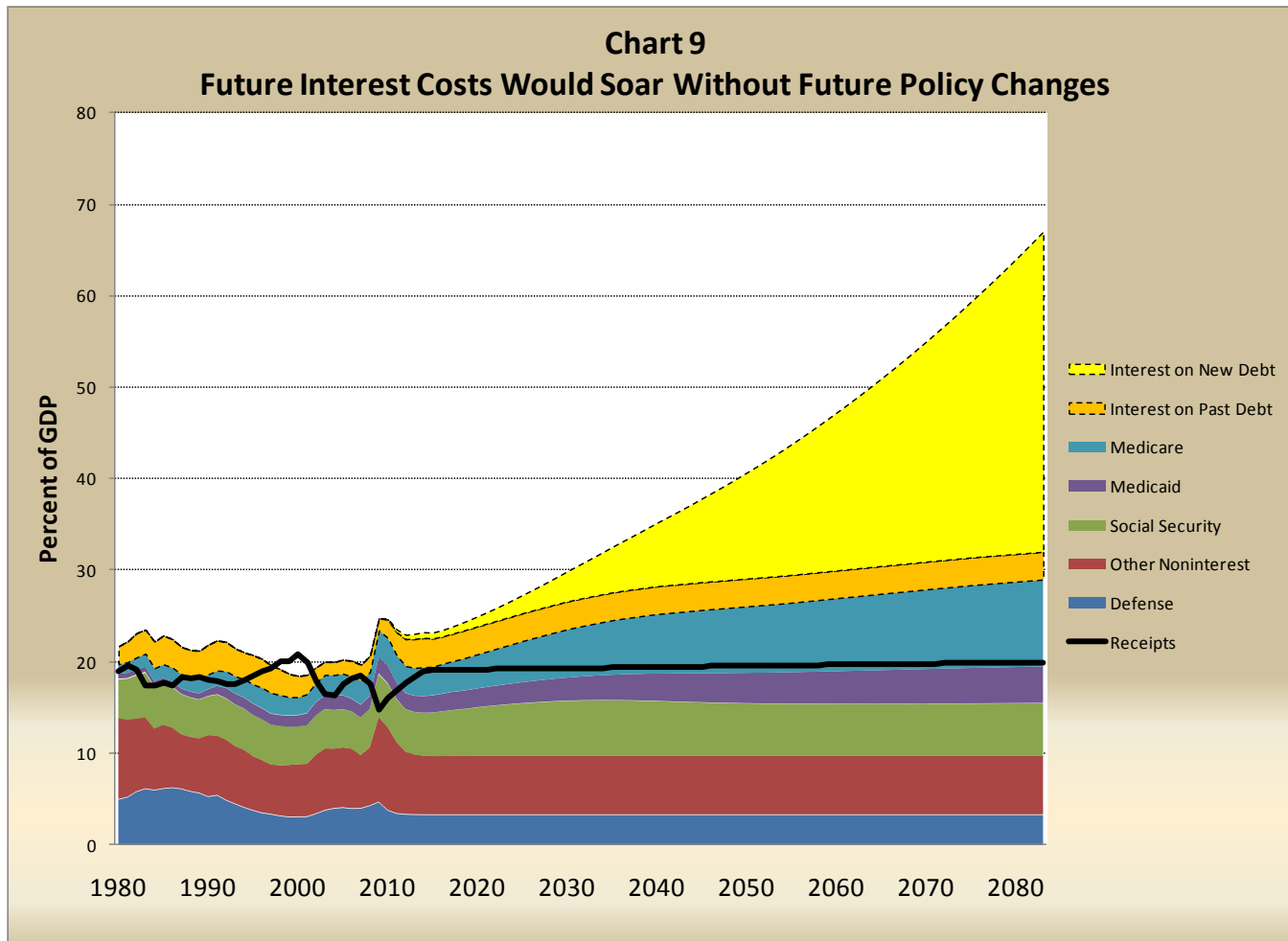
	09/30/09		09/30/08		Change	
	PV dollars (in trillions)	%GDP	PV dollars (in trillions)	%GDP	PV dollars (in trillions)	%GDP
Receipts^a	<u>\$ 151.3</u>	<u>17.8%</u>	<u>\$ 144.1</u>	<u>18.5%</u>	<u>\$ 7.2</u>	<u>-0.7%</u>
Spending						
Medicare	55.0	6.5	49.0	6.3	6.0	0.2
Medicaid	26.3	3.1	24.0	3.1	2.3	0.0
Social Security	48.4	5.7	45.5	5.8	2.9	(0.1)
Rest of Federal Government	<u>94.0</u>	<u>11.1</u>	<u>85.0</u>	<u>10.9</u>	<u>9.0</u>	<u>0.2</u>
Total Noninterest Spending	<u>\$ 223.7</u>	<u>26.3%</u>	<u>\$ 203.6</u>	<u>26.1%</u>	<u>\$ 20.1</u>	<u>0.2%</u>
Noninterest spending in excess of receipts	<u>\$ (72.4)</u>	<u>(8.5)%</u>	<u>\$ (59.5)</u>	<u>(7.6)%</u>	<u>\$(12.9)</u>	<u>(0.9)%</u>

^aThis specific illustration does not include a breakdown of receipts as these amounts are not broken out in GAO's model. However, disaggregated amounts for Social Security and Medicare would be reported under the new standard.

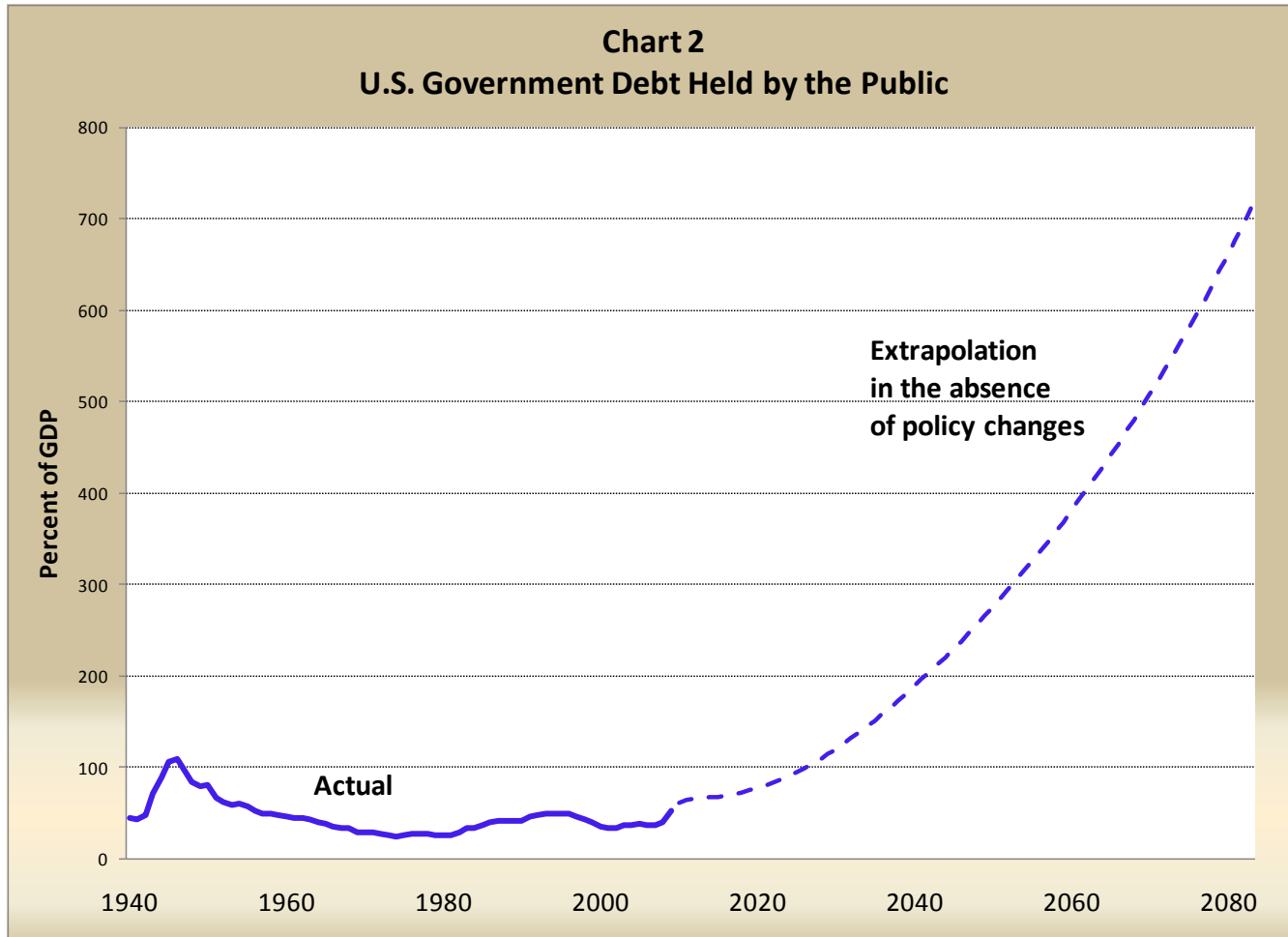
Source: GAO's January 2010 and March 2009 simulations.

Note: Numbers may not add to totals due to rounding.

Projected Receipts and Spending - 2009 Financial Report of the United States Government



Debt Held by the Public as % of GDP - 2009 Financial Report of the United States Government



Federal Fiscal Gap and Cost of Delay Under GAO's Alternative Simulation

Fiscal gap	Action taken today			Action delayed 10 years		
	Percent of GDP	Percent increase in today's revenue	Percent decrease in noninterest spending	Percent of GDP	Percent increase in today's revenue	Percent decrease in noninterest spending
Trillions of present value dollars						
76.4	9.0	50.5	34.2	11.0	60.7	40.2

Source: GAO analysis. GAO-10-468SP Long-Term Fiscal Outlook January 2010

QUESTIONS?