



February 5, 2019

David R. Bean
Director, Governmental Accounting Standards Board
submitted via email

Dear Director Bean,

The Retirement Security Initiative (RSI) is grateful for the pro-active steps taken by the Governmental Accounting Standards Board to improve the financial transparency of government finances at the state and local levels. RSI advocates for protecting and ensuring the fairness and solvency of public sector retirement plans. We appreciate the opportunity to submit comments on Project No. 3-25 and find it encouraging so many are weighing in.

We understand that the vast majority of input you have received has been from governmental officials. The budget process arguably is the most significant decision-making process our elected officials encounter. The largest and most important budgeted fund is the general fund. State and local governments have balanced budget requirements for very good reasons, including accountability.

RSI believes it is important to provide an accurate picture of these budgets and that lawmakers understand the long-term fiscal obligations, including pension benefits. It is imperative to ensure sustainability of pension retirement benefits by forcing governments to pay for benefits as they are earned. Currently, general fund statements are prepared in a way that makes it impossible to determine the amount of deferred costs.

This lack of transparency is especially noticeable with pension and other post-employment benefits. As you know, the general fund balance sheet does not currently include these liabilities. This allows the general fund balance to indicate a balanced budget goal has been met while omitting millions—if not billions—of dollars in pension and OPEB liabilities, which is unfair to both workers and taxpayers.

While there is some value in providing a “Statement of Short-Term Financial Resources Flows,” we believe that without a long-term, full-accrual perspective, the information would be misleading. It is essential for a full-accrual balance sheet and statement of activities to be prepared to provide a complete picture of the results of state and local governments’ budgets.

Sincerely,

A handwritten signature in blue ink, appearing to read "Pete Constant", is written over a solid black rectangular background.

Pete Constant, CEO

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