

David R. Bean
Director of Research and Technical Activities
Governmental Accounting Standards Board
Sent via email: director@gasb.org
Re: Projects 3-20 and 3-25

Dear Director Bean:

Thank you for the opportunity to comment on Project Nos. 3-20 and 3-25.

For more than 40 years I have worked, off and on, in or with all levels of U.S. government.

True story – When Jane Byrne became Mayor of Chicago, she received a briefing from her budget chief, a Columbia PhD, White House Fellow, worked at OMB, etc. Mayor Byrne simply did not understand the briefing. It turned out that she did not know the difference between CASH and ACCRUAL accounting. Try as he might, the budget director – who was also a professor at Northwestern’s Kellogg graduate school of management -- had a hard time “teaching” the Mayor. Finally, Her Honor stood up and said, “Don... You just go out there and get all of that cash back. It should be here at City Hall.” And she walked out to a fundraiser.

So what I am about to say may not have applied to the late Mayor Byrne. But she’s the **ONLY** one.

I have been a Congressional staffer, a reporter, an agency official, a commissioner of elections, etc. I have also worked with huge corporations and teeny start-ups. With professional associations and not-for-profits.

In ALL of these positions, financial reporting has been **ESSENTIAL** to success. Yet, public agencies have consistently been allowed throughout my career to use accounting tricks that would cripple a big public firm, or explode a start-up’s IPO before it ever reaches the markets. Why? Simply put -- because your agency has **NOT BEEN TOUGH ENOUGH**.

For instance, I live in a state that allows some \$175 BILLION of unfunded liabilities (mainly pensions, COLAs, retiree health benefits, etc.) to be swept under the press releases from **ELECTED OFFICIALS** announcing **BALANCED BUDGETS**. (Maybe more than \$175 Billion. I cannot be sure because you do not insist that they tell us clearly.)

Anyone who tried this at a public company would end up at Leavenworth.

I believe it is imperative that the Government Accounting Standards Board lead by **REQUIRING** accurate reporting of long-term costs incurred by state and local governments.

As you know, such costs are almost always obscured through government’s use of **TAXPAYER DOLLARS TO DECEIVE THE TAXPAYERS**.

Most unfortunately, your proposed standard and accompanying concept statement **MISS THE MARK**. They will establish a basis for **TAXPAYER-FUNDED MISLEADING** government financial statements. Your proposals make our problems worse. They are the **OPPOSITE** of GASB’s corporate object, “to establish and improve financial accounting and reporting standards to provide useful information to investors and other users of financial reports and educate stakeholders on how to most effectively understand and implement those standards.”

Governments would continue to be allowed to **EXCLUDE LIABILITIES / OBLIGATIONS**, including some of their

largest liabilities. THAT will enable inflated net positions that can be MISREPRESENTED to a busy and distracted BUT taxpaying public as “Surpluses!” Or, “Balanced Budgets!”

You would allow governments to make short term funds statements look better by underfunding ineluctable obligations, such as pensions and other retirement benefit contributions. OFFICEHOLDERS will use this to help themselves politically, and let the taxpayers pick up the tab.

GASB’s proposals will in practice allow incomplete pictures of government finances to the detriment of hard working taxpaying families.

None of this matters to corporate / financial users of government information. They have the resources to perform apt due diligence and create their own clear picture. But regular people get screwed and then are handed the bill. Thanks to GASB.

Your proposals will allow state legislators and local government officials to validate budgets that include LOAN PROCEEDS AS REVENUE and exclude costs that weren’t paid in the respective year. As we recover economically from Covid’s devastation,, it is **ESSENTIAL** that reliable financial reporting reach the public. Instead, you allow policymakers incomplete and misleading information to get away with politically popular financial decisions that impose **DIRE CONSEQUENCES** on current and future generations of taxpayers.

Please extinguish your proposal in favor of **SIMPLICITY, CLARITY, COMPLETENESS and ACCURACY.**

But I do not ask you to explain cash v. accrual.

Thank you.

Sincerely,



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