



April 29, 2013

GASB Agenda Process
Financial Accounting Foundation
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
GASBScope@f-a-f.org

Dear Financial Accounting Foundation Board of Trustees:

The National Governors Association (NGA) and the National Association of State Budget Officers (NASBO) appreciates the opportunity to comment on the proposed changes to the Government Accounting Standards Board (GASB) agenda-setting process. Our organizations support the proposed changes and are pleased with the efforts of the Financial Accounting Foundation (FAF) to address these important governance issues regarding GASB. We urge adoption of these changes with the modifications described below.

The proposed changes will help FAF in its oversight role to resolve questions involving jurisdictional authority and determine the appropriate scope of GASB standard-setting activities. Specifically, the additional involvement of the Oversight Committee in step 4—especially steps 4e through h—with an opportunity to re-engage those processes at step 11, is a robust change that will enhance the involvement of both FAF and GASB stakeholders. Allowing FAF to increase stakeholder input earlier in the standard-setting process (step 4e), also will allow GASB to better serve state and local government stakeholders while maintaining a necessary degree of independence, essential to developing highly valued and respected standards of financial reporting.

Despite our overall support for the proposed changes, there are a few modifications which we believe are essential. As a majority of FAF trustees have experience in the commercial sector, we strongly encourage changes to ensure that the expertise of those trustees with state and local government experience be used in FAF's Standard-Setting Process Oversight Committee for GASB. We recommend that at least two, and preferably all three, government trustees be included on the Oversight Committee. This is in the interest of GASB and all parties under the jurisdiction of GASB standards, since those with the background and expertise in governmental accounting issues are part of the process ensuring oversight.

In addition, we believe that the criteria used to define information within GASB's scope of authority are too broad. The language outlining the criteria for Group 2 financial information should be narrowed to specifically limit standard setting activities regarding future oriented financial information. In the proposal, the language defining Group 2 financial information expressly states that Group 2 "could include information not directly the result of financial transactions or events that have already occurred."

We are concerned that this language leaves an opening for GASB to define areas of standard setting that are not traditionally under the Board's jurisdictional authority or scope, such as economic condition reporting, financial forecasting, or other future oriented aspects of government finance.

Again, we appreciate the opportunity to comment on the proposed changes to GASB's agenda-setting process. The proposed changes are a welcome advancement in that process that will ultimately allow GASB to better serve state and local government stakeholders while maintaining the necessary degree of independence required for valuable, worthwhile financial reporting standards.

Sincerely,

Handwritten signature of Dan Crippen in black ink.

Dan Crippen, Executive Director
National Governors Association

Handwritten signature of Scott Pattison in black ink.

Scott Pattison, Executive Director
National Association of State Budget Officers