

In many cases information with respect to contingent liabilities of specific governmental programs now is available only in reports of specific agencies or corporations. However, these data frequently lose much of their usefulness because they are not combined with similar data with respect to other programs. Thus, although part of this information may now be available it is not published in one place or on a uniform basis, and does not facilitate understanding of the current financial condition of the United States.

Your committee believes that it is desirable to make available in a single, concise report, pertinent information with respect to the current status of the contingent liabilities of the Federal Government, including its long-range obligations and commitments. Indeed, the committee recognizes a responsibility to make available in such a report—as clear and complete as possible—the overall financial condition of our Government. Such a report, consolidating information now available only in part in many diverse reports with information which is not now available at all, will enable the Congress to have a better understanding of the current fiscal needs of the Federal Government.

For this reason, the committee has approved, and recommends enactment of a bill requiring the Secretary of the Treasury to submit to the Congress, by March 31 of each year, a report showing the amount (both on an aggregate and on an individual basis) of the contingent liabilities and the unfunded liabilities of the Federal Government, determined as of December 31 of each year, commencing with 1966.

The contingent liabilities referred to by the bill include (1) liability of the Government under its various trust funds, such as the old age and survivors insurance trust fund and the highway trust fund; (2) liabilities of Government-sponsored corporations (for example, the Commodity Credit Corporation); (3) indirect liabilities of the Federal Government not included as part of the public debt, such as Federal Housing Administration debentures; and (4) liabilities of Federal insurance and annuity programs.

Under the bill, data with respect to these insurance and annuity programs (which include the civil service retirement system, veterans' pension, and war risk insurance programs) is to include information regarding their actuarial status on both a balance-sheet basis and a projected source-and-application-of-funds basis.

Where appropriate, the report is also to indicate the collateral pledged, or the assets available, as security for the specified liabilities, and an analysis of their significance in terms of past experience and probable risks. Thus, for example, in the case of federally insured home mortgages the assets available on foreclosure may, in favorable circumstances, offset the potential Federal liability. But the reporting of assets is not to stop with a recording of assets related to the liabilities. Under a committee amendment the Secretary of the Treasury is to set forth all other assets which would be available to liquidate liabilities of the Federal Government.

In order to provide flexibility and to present data included in the report from being misconstrued or misleading, the bill provides that the Secretary of the Treasury may set forth such explanatory material as he determines to be necessary or desirable. Under this provision, if he believes particular data are likely to lead to improper conclusions, he may qualify that data sufficiently to negate such conclusions.