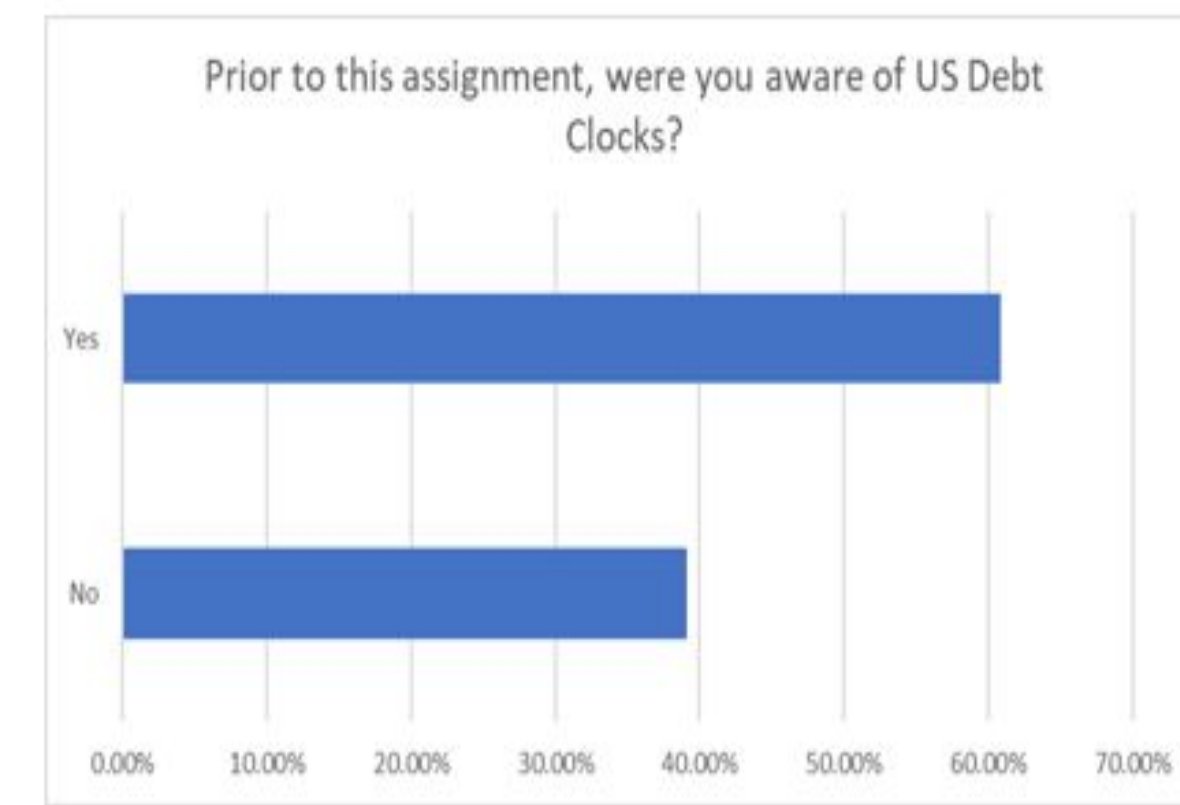


How Much Debt Does the United States Have?

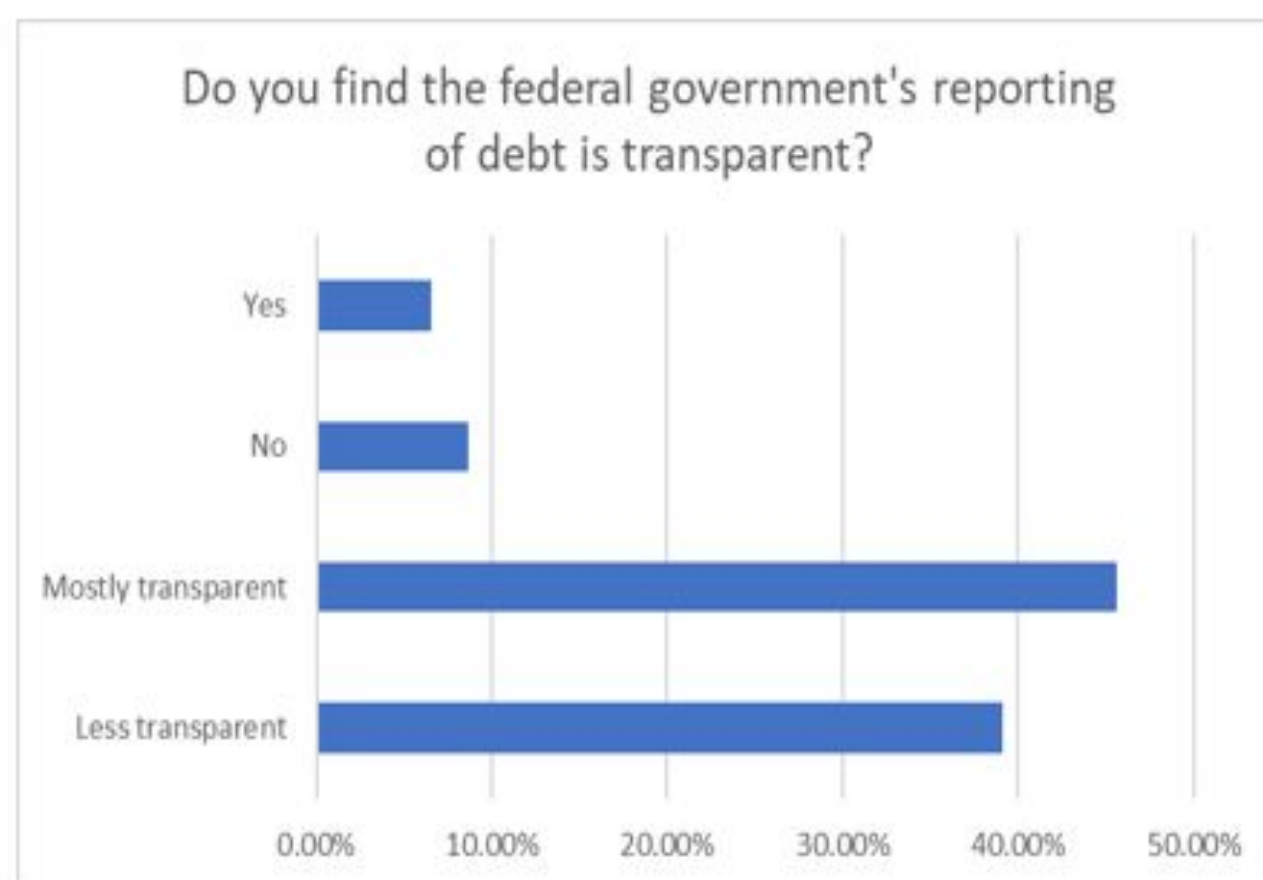
Question 1

Question 1 sought to establish the awareness of US Debt Clocks to the students. Over 60% of the students were aware of debt clocks. Given the academic discipline of accounting, the fact more students were aware than not is not surprising. The case moves the students beyond simple awareness though, providing them with a deeper understanding of the situation. The deeper understanding allows for an informed opinion to answer the remaining questions once the case is completed.



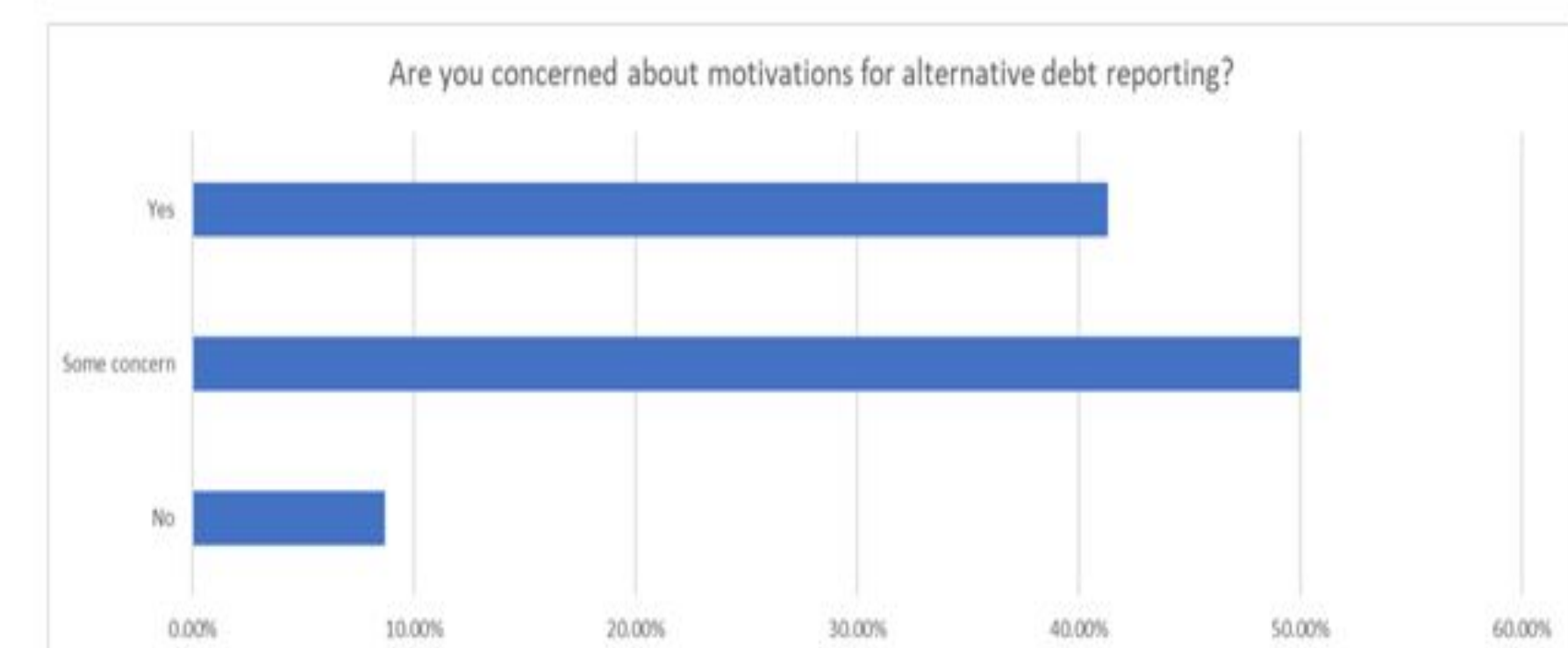
Question 2

Transparency in debt reporting is the focus of Question 2. The response options saw most of the students landing somewhere in the middle, indicating that the federal government's reporting was mostly or less transparent, with smaller percentages indicating full support or opposition to the federal government's transparency. Transparency is a common term in student responses to this case. Discussions on methodology, bias, and credibility were presented as areas where transparency can lead to trust.



Question 3

Similar to Question 2, students make a more informed judgment on this issue of debt reporting. Much like the student's responses included in the case, concern for bias impacting reporting is seen in the survey questions. Written student responses note the numerous stakeholders and their different motivations. The survey responses indicate that concern for motivations for alternative debt reporting in part or full is present in over 90% of the students surveyed.



Assignment Questions:

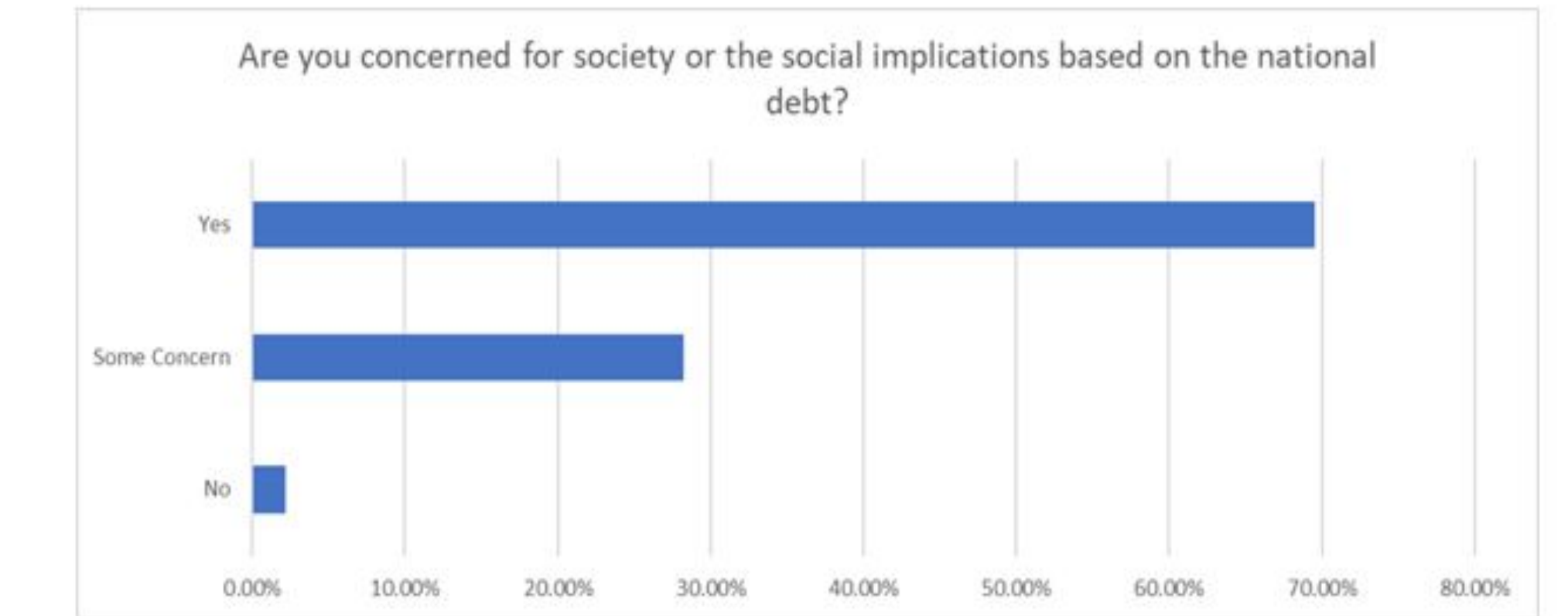
1. Analyze the reporting differences between the federal government, Truth in Accounting, and other debt and liability figures. Compare and contrast methodologies and assumptions underlying each set of figures.
2. Evaluate the transparency of the federal government's reporting of debt and liabilities. Identify ethical theories or theories that may be applied to assess the transparency of reporting.
3. From an ethical perspective, we analyze the motivations behind alternative forms of government debt and liability reporting. Assess the ethical implications of reporting differences and identify relevant ethical theories.
4. Explore the social implications of national debt and liabilities. Discuss the potential societal consequences and propose actions to address these implications.
5. In your opinion, foresee problems could arise because of the reporting discrepancies. Offer your insights and any additional personal thoughts on the matter.

Points to Consider:

1. **Historical Comparison:** The current U.S. federal debt is comparable to the level seen at the end of World War II, equating to the nation's annual GDP.
2. **Post-WWII Debt Reduction:** Post-WWII, the U.S. significantly reduced its debt-to-GDP ratio from over 100% to around 25% by 1975 through eliminating the primary deficit and robust economic growth.
3. **Future Projections:** The Congressional Budget Office projects the debt-to-GDP ratio will rise to 172% by 2054 due to persistent primary deficits, driven by high spending on Social Security and Medicare and GDP growth rates lower than interest rates on debt.
4. **Current Debt Levels:** As of April 24, 2024, the debt held by the public in the United States stands at \$34.6 trillion, held by various entities, including individuals, corporations, state or local governments, Federal Reserve Banks, and foreign governments.
5. **Foreign Holdings:** Foreign countries hold a significant portion of U.S. debt, with Japan being the largest foreign holder at \$1.2 trillion, followed by China and the United Kingdom.
6. **Financing Debt:** The U.S. finances its debt by selling bonds, notes, and bills to various buyers, including the Federal Reserve, which injects new funds into the economy, potentially leading to inflation without corresponding economic growth.
7. **Trust Funds:** Federal trust funds, which finance programs like Social Security and Medicare, generate surpluses that are invested in non-marketable treasury securities, creating intragovernmental debt.
8. **Social Security Projections:** Without reforms, the Social Security Trustees anticipate that the combined Social Security trust funds will be fully depleted by 2034, potentially resulting in a 23% cut in benefits for Old-Age and Survivors Insurance (OASI) beneficiaries.
9. **Financial Reporting:** The Financial Report of the U.S. Government shows a total debt of \$37.5 trillion, with a significant amount not including future Social Security and Medicare benefits as liabilities.
10. **Comprehensive Debt Analysis:** Including all liabilities, the federal government's total debt amounts to \$159.3 trillion, resulting in a net position of -\$153.9 trillion, equating to a taxpayer burden of \$966,000 per taxpayer.

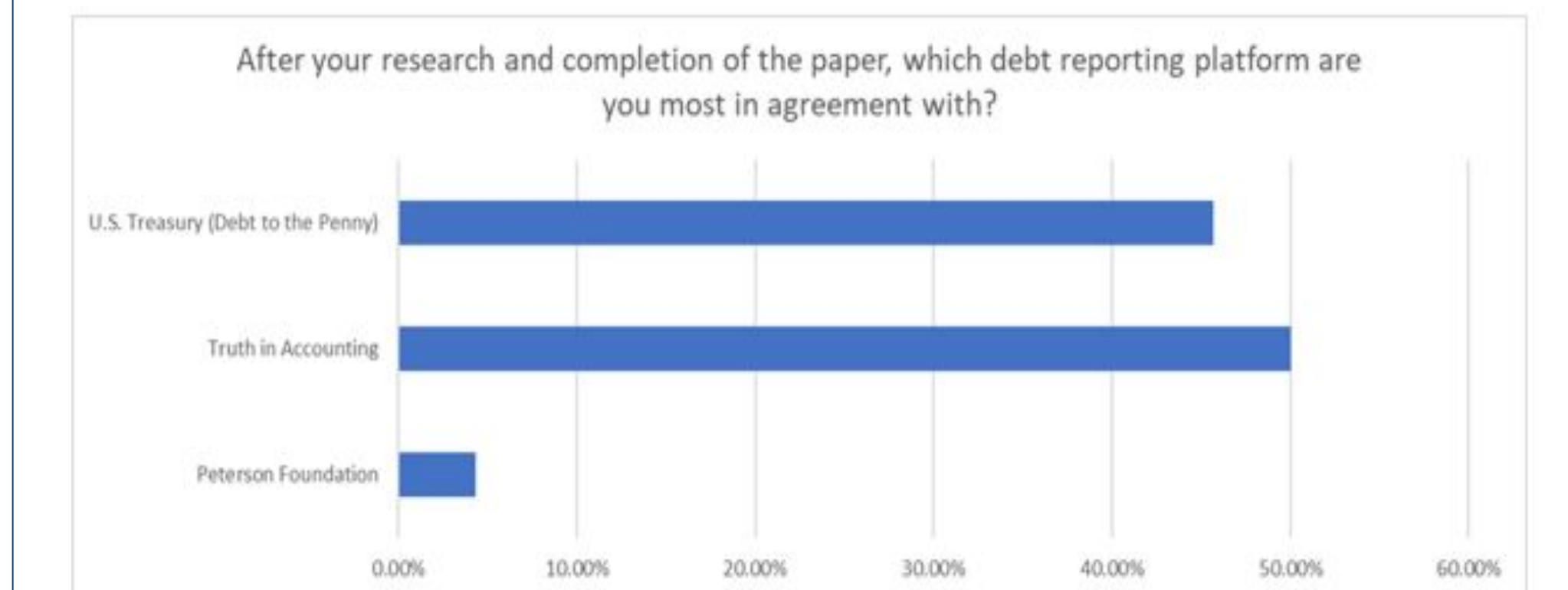
Question 4

Student responses to the social implications of national debt (over 95%) are almost 70%, indicating more than just some concern. Written responses indicate that clarity and uniformity should be the goal, while noting that numerous stakeholders could make this challenging. Student responses also indicated a willingness to explore technological solutions to arrive at accurate and unbiased information.



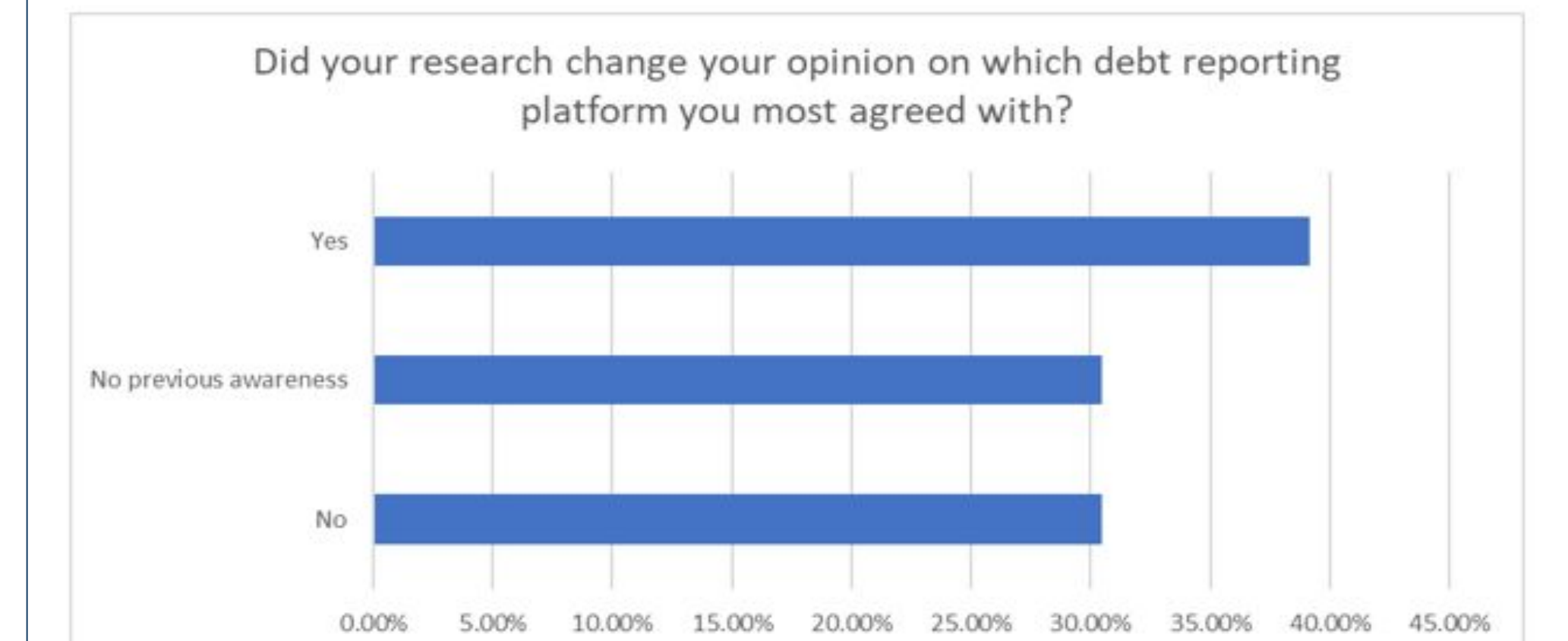
Question 5

Question 5 sought to determine alignment with one debt reporting platform. The feedback from the student survey clearly indicated that the two platforms were preferred. The population surveyed possessed a deeper understanding of the issue with their accounting focus, and the reasons for support can be seen in the written responses. The positions stated in the written responses indicate a thorough understanding of the potential impact created by including unfunded liabilities, as well as the federal government's use of FASAB GAAP.



Question 6

The final question measured the impact of the case on debt-reporting platform awareness. Nearly 70% of the students surveyed indicated that their opinion changed or they had no previous awareness, meaning that the case grew the knowledge base of over two-thirds of the students surveyed. The survey results for this question align with our case significance to meaningfully influence the trajectory of debt management in subsequent years.



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