September 13, 2019

David Bean
Director of Research and Technical Activities
Governmental Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856-5116

Re: Project No. 30-1

Dear David:

On behalf of the National Association of College and University Business Officers (NACUBO), we submit the following comments on the Exposure Draft (ED) of the Governmental Accounting Standards Board, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. NACUBO’s comments on the ED were developed with input from our member institutions and our Accounting Principles Council (APC). The APC consists of experienced business officers from various types of institutions who, collectively, possess a thorough knowledge of higher education accounting and reporting issues and practices.

NACUBO is a nonprofit professional organization representing chief financial and administrative officers at approximately 2,000 colleges and universities. In its capacity as a professional association, NACUBO issues accounting and reporting industry guidance for higher education and educates more than 2,000 higher education professionals annually on accounting and reporting issues and practices.

**Overall Observations and Conclusions**

We appreciate the time and effort that the staff have devoted to this project and agree with the incorporation of SGAS 60 Service Concession Arrangements into the new standard. We also appreciate how the GASB has sought to consistently apply its ‘right of use’ accounting model across straight leases, all types of PPPs and subscription-information technology arrangements. The consistent rules for determining the terms of the agreement, and the mirror-image accounting between transferors and operators is helpful. Once the basics of SGAS 87 are understood, they can be applied across a wide range of transactions.

**Additional Guidance**

Within the details of the standard, we suggest the following additions:
• A decision tree with references to relevant paragraphs and definitions, to evaluate the type of transaction and the applicable accounting and reporting standard.
• Implementation guidance describing example scenarios to distinguish between availability payment arrangements, service concession arrangements, and public-private or public-public partnerships.
• Examples of arrangements with multiple components and guidance to differentiate between outlays that are capitalized as part of the right of use asset and those that are expensed.
• Guidance on how to estimate a reasonable future carrying value for an asset that is transferred at the end of the agreement.

**Implementation Date**

Due to the complexity of these arrangements, the details and accounting are far too complex to rely on spreadsheets. Governments and public institutions of all sizes will have to implement software solutions to track these agreements and leases. We suggest that the implementation date be pushed out by at least one year, from fiscal years beginning after June 15, 2021 (fiscal year 2022 for most public higher education institutions) to fiscal years beginning after June 15, 2022 (fiscal year 2023). This will give our member institutions time to implement the changes for leases in fiscal year 2021 and then focus on the requirements of this proposed standard, to be implemented in fiscal year 2023.

In closing, we wish to express our appreciation for the opportunity to comment. We welcome the opportunity to participate at any of your public hearings and look forward to answering any questions the Board or the staff may have about our response. Please direct your questions to me at 202-861-2542 or smenditto@nacubo.org.

Sincerely,

Susan M. Menditto
Senior Director, Accounting Policy