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1985 - 1989

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Dear President-elect Trump,

Congratulations on your historic victory and win for our country! We have been friends since both of us joined Winged Foot Golf Club years ago (you in 1969 and I in 1971), and I am proud that you will be leading our nation for the next four years as President. You have proved all of the doubters wrong. And, most important, you did it with your wonderful family by your side. There is no better way to win!

I am writing to you about two points as you begin your new administration. First, as I shared with the members of President Ronald Reagan's administration nearly 30 years ago, the beginning of any new Presidency represents the best time to inform the American people about what our federal government has currently incurred in unfunded, long-term liabilities and other financial commitments. This is important since you will soon face another increase in the U.S. debt ceiling, which will be mainly attributable to commitments made by President Obama that will be paid during your administration. And, while the current national debt is publicly advertised as hitting \$20 trillion by year-end, well over \$50 trillion of unfunded liabilities for Social Security, Medicare, Medicaid, and federal pensions are not adequately disclosed in the financial statements of the U.S. government.

I believe that a conventional balance sheet of the U.S. government must be drafted and publicized to the American people at the beginning of your term, prepared under "generally accepting accounting principles" (GAAP). To facilitate the preparation of such a balance sheet, the numbers can be drawn from the U.S. Treasury's Annual Financial Statement of the U.S. Government for the fiscal period ending September 30, 2016. Drafting this balance sheet and presenting the numbers to the American people will show that a significant portion of the annual budget deficits computed on the cash-basis that will be reported by the federal government in your first term represent a liquidation of liabilities incurred years ago, when the federal programs were first enacted and commitments were made to spend for them. It is important to inform the American people of this because, if those liabilities had been recorded in the period during which they were incurred, currently reported cash-basis deficits would be much lower in your administration's first term.

My second point is that the person selected as Controller of the Office of Federal Financial Management (OFFM)—a position appointed by you—must take a very strong

stance on these issues. The OFFM was established under the CFO Act of 1990, a bill originally introduced by me prior to leaving Congress. Some qualities and policy positions to look for in a Controller of the OFFM are as follows:

- Private sector experience in applying “generally accepting accounting principles” (GAAP), and at most, a limited experience in government (particularly, the gimmicky ways of “Washington accounting”)
- Support for reform of the Chief Financial Officer Act of 1990, including mandating the federal government to provide a consolidated financial statement using “generally accepted accounting principles”
- Support for more transparent accounting records of the Department of Defense (DOD), so that the Comptroller General of the United States can offer an audit opinion on the assets and liabilities in the federal government’s annual financial statement, which has been heretofore precluded because of material weaknesses in the accounting for the DOD
- Support for an independent, Chief Financial Officer for the United States appointed by the President for a 15-year term—like the Comptroller General—but not coterminous with the term of the President of the United States

I know that you will hold your first elective office following a successful career as a businessman and real estate entrepreneur in the private sector. When I was first elected to Congress in 1984, my experience was also in the private sector as a partner for one of world’s largest accounting firms. Because the ways of Washington often do not align with how business gets done in the private sector, the result is often inefficient government and greater expense to the American taxpayer. Many advisers may tell you that you cannot run the federal government like a business and that principles applicable to the private sector are not suited to the public sector. I hope that you continue to trust your instincts and experience as a successful businessman who is not connected to the Washington establishment. Your instincts and experience have gotten you to where you are today—President-elect of the United States of America. Again, congratulations!

Your friend,



Hon. Joseph J. DioGuardi

P.S. Coincidentally, just before your election, an article I wrote entitled “The CFO Act: 25 Years Later,” was published in an international academic journal. In the attached article, I make the case that the bill I originally introduced in the House of Representatives in 1987 was severely compromised in order to pass it after the Savings & Loan crisis. I am now calling for the Act’s original provisions to be restored by amendment or by re-introduction as a new bill.