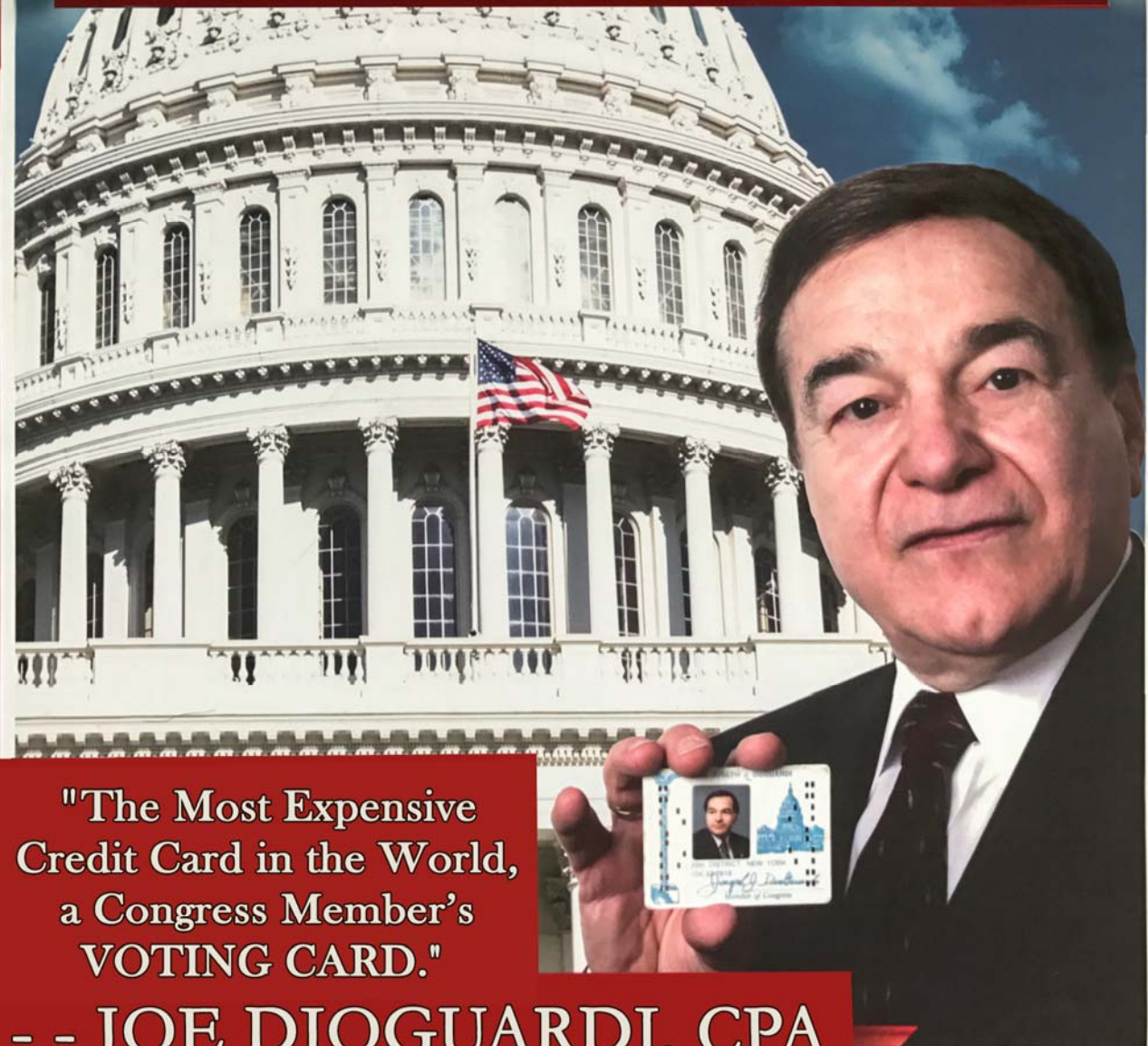


TRUTH IN GOVERNMENT  
*SPEAKING TRUTH*  
★ *TO POWER* ★



"The Most Expensive  
Credit Card in the World,  
a Congress Member's  
VOTING CARD."

- - JOE DIOGUARDI, CPA

THE WHITE HOUSE

WASHINGTON

January 29, 1991

Dear Joe:

On November 16, I was pleased to sign into law, H.R. 5687, the Chief Financial Officers Act of 1990. This legislation creates a new Deputy Director of OMB for Management, and statutory Chief Financial Officers in all the major agencies of the government.

I suppose that everyone who has worked on the issue of Federal financial management improvement recalls how hard you worked, starting back in 1986, to persuade Congress that the steps authorized by H.R. 5687 were badly needed. As a Certified Public Accountant you understood the need to strengthen the systems that provide the President, the Congress, and the American people with the information necessary to make informed decisions on how public funds are spent.

Now, Joe, your hard work has been vindicated by passage of the CFO Act by the House and Senate, and by its being signed into law. I regret only that you were not in the House to take part first hand in the ultimate passage of this important piece of legislation.

Barbara joins me in wishing you our best for your continuing success.

Sincerely,



The Honorable Joseph J. DioGuardi  
50 Baraud Road  
Scarsdale, New York 10583





## **Hon. Joseph J. DioGuardi (CPA)**

### **Introduction and Background**

I joined Arthur Andersen & Co. as a staff accountant in July 1962, after graduating from Fordham University with a Bachelor of Science degree, having majored in accounting. I passed the CPA exam in 1965 and was licensed to practice by New York State shortly thereafter. In April 1972, I was admitted as a partner in the firm and served as such until April 1984, when I decided to elect early "retirement" under an Arthur Andersen & Co. program for public service to run for a seat in the U.S. House of Representatives. Having campaigned successfully, I began serving my Congressional District in Westchester County, New York in January 1985. In my two terms as a Member of the House, I served on the Government Operations Committee and the Banking and Finance Committee. I was also appointed chairman of a Republican Policy Task Force on Budget and Accounting Reforms.

While at Arthur Andersen, I worked with a group of partners with responsibility for public sector accounting, reporting, and financial management issues focused on federal, state, and local governments. In September 1975, the firm published, as a public service, a booklet entitled "Sound Financial Reporting in the Public Sector," which included consolidated financial statements of the U.S. government on the accrual basis of accounting. In December 1975, the firm was chosen to advise the U.S. Secretary of the Treasury on New York City's efforts to regain access to the credit markets as a condition of a federal bailout. After completing this unprecedented assignment, the firm continued to make an impact in public sector accounting and management standards.

My professional background, as described above, was an important factor in my decision to become so active as a new Member of the House in seeking changes to improve financial oversight, financial management, and accounting, budgeting, and reporting standards for the federal government. Among the many bills that I either introduced or sponsored and fought for as a junior Member of the minority Party were:

- 1985—HR 748, To require biennial budgeting
  - HR 2164, To remove Social Security Trust Funds from the budget
- 1986—HR 4495, Federal Financial Management Improvement Act
  - HR 4659, To improve federal debt collection practices
- 1987—HR 33, To provide for biennial federal budgeting
  - HR 1241, Chief Financial Officer Act
- 1988—HR 526, For a House Ethics Public Review Board and Inspector General
  - HR 4149, To distribute budget information to the general public annually
  - HR 44, To require operating and capital budgets and trust fund accounting

I personally lobbied my fellow colleagues hard, especially the Committee Chairpersons and Ranking Members, for all of the above-listed measures, reminding them of the important systemic implications that these measures could have on the financial condition of the U.S. government for future generations. I also gave many public speeches and media interviews, as one of the very few CPAs ever elected to the U.S. Congress. The most notable result from this activity was the passage of HR 5687 (The CFO Act of 1990) as a successor measure to the ones that I introduced in 1986 and 1987. (See the attached personal letter from President George H.W. Bush, which he sent to me on January 29, 1991, thanking me for my leadership role in the passage of the CFO Act.)

After leaving Congress in 1989, I continued to speak in many professional and public forums, and in early 1992, I published *Unaccountable Congress: It Doesn't Add Up*. As a result of this activity, I was asked to chair an Association of Government Accountants Task Force on Truth in Budgeting and Accounting (for the federal government). The AGA Report (attached) was released on November 4, 1992.



*The Most Expensive Credit Card in The World*

Joe DioGuardi delivers his message of fiscal responsibility and accountability in a 2010 television advertisement. “We are spending money we don’t have. We are borrowing from countries we do not trust. And we are putting the American Dream in jeopardy.”



*National Archives Panel on Race Relations in America*

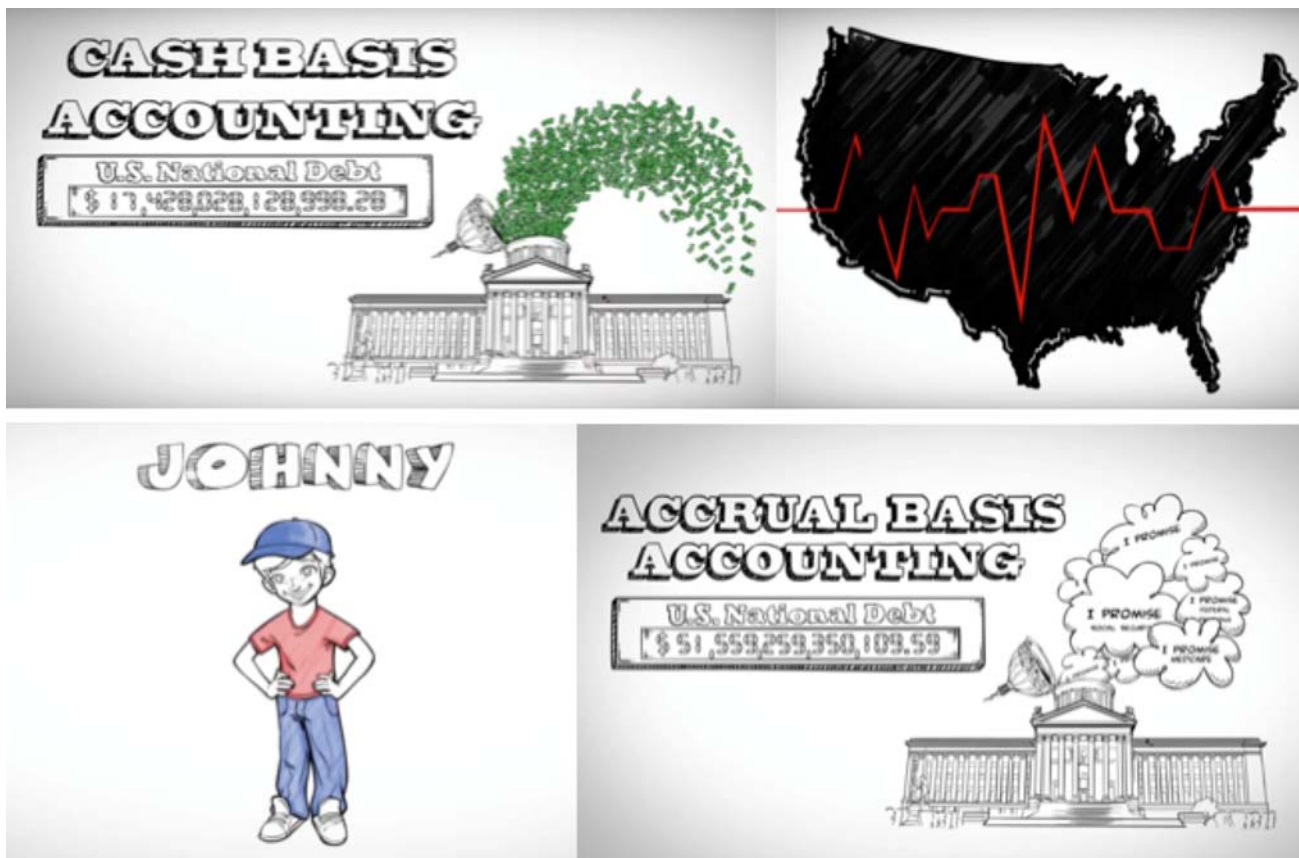
Washington, DC – November 9, 2016

Joe DioGuardi addresses the issue of racial injustice for Black War Heroes who were denied the nation’s highest military award, the Medal of Honor.






*The Financial Unsustainability of the West*  
 Fordham Prep – Bronx, NY – March 6, 2012





*Who's Counting?*

Truth In Government's 2014 whiteboard animation video on how Washington's fiscal recklessness is jeopardizing the American Dream for the next generation.



# Accrual Accounting Can Save America's Future

[www.TruthInGovernment.org](http://www.TruthInGovernment.org)

TWITTER:  
[@truthingovt](https://twitter.com/truthingovt)

FACEBOOK:  
<https://www.facebook.com/TruthInGovt>

*Accrual Accounting Can Save America's Future*  
 Association of Government Accountants Annual Conference  
 Orlando, FL – July 13, 2014



*Washington's Fraudulent Accounting Threatens America*  
 American Accounting Association Conference  
 Arlington, VA – March 27, 2015





***The Global Debt Bomb & The Fiscal Unsustainability of the West***

**The Wharton School of Business – University of Pennsylvania**

**Philadelphia, PA – February 14, 2012**



***Joe DioGuardi Questions U.S. Military Officials on the Need for a Independent, Professional Audit of the Department of Defense***

**Reagan National Defense Forum – Ronald Reagan Library**

**Simi Valley, CA – December 2014**

# ASSOCIATION of GOVERNMENT ACCOUNTANTS

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TO: National Executive Committee  
c/o Virginia Brizendine

FROM: David R. Hancox *DH*  
Chairman - Emerging Issues Committee

DATE: November 4, 1992

RE: Task Force Report on Truth in Budgeting and Accounting

Enclosed is a copy of the report of the Blue Ribbon Task Force on Truth in Budgeting and Accounting chaired by Mr. Joseph DioGuardi. We ask that you present it to the National Executive Committee.

The purpose of this report, as stated by the authors, is to voice the opinions of experienced government financial managers with the intention of generating additional thought, discussion and corrective action on budgeting and accounting issues. From this report, the National Executive Committee might identify other issues that could be addressed by other AGA task forces.

If you need further assistance from the Emerging Issues Committee, please feel free to contact us.

*AGA Truth in Budgeting and Accounting Task Force*

Joseph J. DioGuardi, Chairman  
Member of Congress, 1985-88

Roger B. Feldman  
Former Comptroller, Department of State

John H. Hummel  
Audit Partner, KPMG Peat Marwick

Clyde G. McShan, II, Director, National Finance Center  
U.S. Department of Agriculture

Allen L. Reynolds, City Auditor  
City of Baltimore, Maryland

Richard J. Schwartz, President  
David Schwartz Foundation

W.T. Wrege, Associate Professor of Accounting  
Ball State University



# TRUTH IN BUDGETING AND ACCOUNTING

## An AGA Emerging Issues Report

June, 1992

The United States government budgets, controls and directs cash resources in excess of \$1.4 trillion dollars each year. Yet at a time when Congress must make important decisions on future budget priorities and commitments, the information necessary to make those decisions is woefully defective. Weak government-wide budgeting and accounting systems produce insufficiently reliable information about how the government spends its funds and how decisions made today will affect tomorrow's taxpayers.

Further, the Congressional budgeting process commonly relies upon imaginary revenues, ignores unfunded obligations, and makes use of numerous other practices lacking economic and accounting reality.

The Federal government badly needs major budgeting reforms. Despite some recent steps in this direction by Congress and the Executive Branch, much remains to be done. This Task Force recommends these further steps:

### 1. ADOPT SOUND ACCOUNTING AND BUDGETING PRINCIPLES AND STRENGTHEN THE CFO POSITION

While the Budget and Accounting Act of 1950 required the Comptroller General to prescribe the principles and standards for accounting to be observed by each agency (i.e., generally accepted accounting principles (GAAP)), there were no specifically defined principles for the government to use.

#### (a) The Need for GAAP

The absence of meaningful accounting principles leaves the government using an accounting system which emphasizes cash flow, even though major new financial commitments are made and new liabilities incurred. Payroll checks and payments of accounts are moved from one fiscal year to another to manipulate deficit reduction targets. No acceptable accounting is made for government guarantees of private economic transactions, such as savings and loan deposit insurance, which may go bad and require government outlays. Nor is any acceptable accounting made for accrued leave and future pension payments to retirees, which are earned but not disbursed today.

In October 1990, a breakthrough agreement was reached on the creation of a Federal Accounting Standards Advisory Board (FASAB) to define GAAP for the federal government. The Board is composed of representatives from OMB, GAO, Treasury, CBO, Defense, domestic agencies, and the private sector. To date FASAB has agreed on a mission statement, interim financial standards, and its first exposure draft on financial resources.

FASAB must work expeditiously to agree on a set of Generally Accepted Accounting Principles for Federal government operations.



# Association of Government Accountants (AGA)

## Perspectives: Why We Need Accrual Accounting in Washington

By: Hon. Joseph J. DioGuardi, CPA, President, *Truth in Government*

### Background

In the United States various initiatives dating back to the 1940s—including two Hoover Commission reports, 1949 and 1955—recommended the adoption of government-wide accrual accounting. In 1967, the President's Commission on Budget Concepts—a temporary "blue ribbon" commission headed by the Secretary of Treasury—recommended that the accrual basis of accounting replace the "cash basis" (as soon as feasible) for measuring receipts and disbursements. President Lyndon Johnson accepted the Commission's recommendation and ordered that the conversion be made in the 1971 budget. President Richard Nixon reaffirmed Johnson's decision shortly after he took office. In a memo dated August 12, 1969, President Nixon reaffirmed the importance of accrual accounting as part of the Joint Financial Management Improvement Program, led by the Treasury Department, the GAO, and the OMB. But he deferred the conversion process to the 1972 budget. Then, the issue lost momentum in Washington, until the passage of the CFO Act of 1990, which required Annual Consolidated Financial Statements for the United States of America. The Act provided for the creation of the Federal Accounting Standards Advisory Board (FASAB) to promulgate accrual concepts for the preparation of these financial statements. (The FASAB is specifically precluded from doing anything in connection with the federal budget process.)

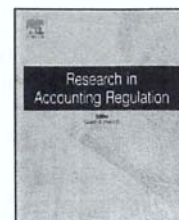
### Accrual versus Cash Basis of Accounting—the Basic Difference

First, let me say that the independent accounting professions promulgating "generally accepted accounting principles" (GAAP) for the United States, Australia, New Zealand, Canada, and the United Kingdom have accrual concepts as the foundation for these principles. So, what is the accrual basis of accounting, and why should we continue to be concerned about it? Simply stated, the "cash basis" of accounting records financial transactions when income is received (by cash or check) and expenses are paid (by cash or check). Whereas the accrual basis of accounting recognizes as income what the government has either earned or is entitled to receive, even before payment is received; and, it recognizes as an expense what the government is obligated to pay, when billed or contractually liable, even before payment is made. Accrual/GAAP accounting is considered a better way to measure a large and complex entity's financial condition and the results of its operation, not only in financial terms, but in an economic sense.

### The Pioneering Work of Arthur Andersen & Co.

In 1975, Arthur Andersen & Co. did groundbreaking professional work to enable the U.S. government to bailout New York City through the preparation of conventional, accrual-based financial statements that were required by the Treasury Department and investment bankers on Wall Street to facilitate the now historic bailout. Acting on its own initiative and based on its experience in New York City, the firm prepared the first published U.S. Consolidated Financial Statements on accrual/GAAP basis. Arthur Andersen's 1975 report, entitled *Sound Financial Reporting in the Public Sector*, pointed out that that a 1956 law (Public Law 84-863) required all government agencies to prepare business-type, accrual-basis financial reports. The 1975 report also resulted in the appointment of the Advisory Committee on Federal Consolidated Financial Statements by Treasury Secretary William E. Simon. (The committee developed a guide for preparing annual consolidated financial statements for the U.S. government.)





Joseph J. DioGuardi

## The Chief Financial Officer Act 25 years later

Available online 28 September 2016

### Introduction

Today, Mary—a sixth grader, had to stay home from school to care for her brother and sister as her mom needed to take a second job in order pay for health insurance. This is just one of the many “blows” that Mary will face over her lifetime. By the time she is ready to draw Social Security, if no changes are made, she will receive only a portion of the benefits that she has been promised.

The Chief Financial Officer Act is a tool that could greatly soften these blows. Being fiscally responsible in the public sector depends not just on sound financial reporting, but it also depends on the efficient management of resources, the elimination of waste, improvement of productivity, and most important, on the use of professional financial management principles and practices. Congress and the President need to take notice of the fact that every large business and financial entity vests the responsibility for financial management in a professionally trained and experienced Chief Financial Officer (CFO).

I was elected to Congress in 1984, as the first practicing Certified Practicing Accountant ever to serve in the House or Senate. Building on my twenty-two years of experience at Arthur Andersen & Co. (twelve as tax partner), I was determined to change how our American government worked—protecting Mary and millions like her.

Now, as the President spends \$4 trillion during Fiscal Year 2016, on programs and operations, it is even more important to provide elected officials and their appointees with tools to facilitate their management and control of government business. For example, there are over 100 federal government cash and non-cash assistance programs for low-income individuals and families. If these programs were “cashed out” and the money given to those in poverty, there would be no one left in poverty! We know that cashing out government programs doesn’t work, but the plain truth is that we have been spending hundreds of billions each year since 1965, much of it borrowed, and we still have about the same percentage of Americans in poverty! Many millions of Marys are being denied the American dream because our elected representatives, citizens, and government workers lack accurate financial reports that would lead to more responsible social, economic, and national security policies.

### Origins of the CFO Act

As we observe the 30th anniversary of my election to House of Representatives and the 25th anniversary of “The CFO Act”—which I first introduced in the House of Representatives as a new Member in 1986—it is important to connect the historical dots.

I remember the awe and respect that my immigrant father had for his accountant when he came to our family food market in the Bronx several times a year in the 1950s to prepare tax filings. This must have been on my mind when I chose to become an accounting major at Fordham University. My professional career at Arthur Andersen gave me the practical knowledge about public sector accounting that later would enable me as a CPA to bring fresh ideas to Washington.

The work that I performed as part of a firm-wide team of Arthur Andersen partners in 1975 and 1976 that facilitated the federal bailout of New York City and that developed the first prototype US consolidated financial statements (using “general accepted accounting principles” on the accrual basis of accounting) set the stage for what I would accomplish in Washington. My major goal, as a Member of the House, was to improve federal financial management, reporting and accountability.

In January 1985, as a new House Member, I let my colleagues know that I was concerned about poor government accounting practices. Specifically, these included: the use of the cash basis of accounting in the budget process, the lack of independently audited financial statements, and the lack of congressional oversight over the poor and inadequate federal financial management practices and accounting systems.

In a letter to the Senate’s Government Affairs Committee (the counterpart to the Government Operations Committee in the House on which I served), Comptroller General Charles Bowsher agreed with my early assessments, noting that “financial management in the federal government is a major problem facing us today. Poor systems, information inadequacies, and weak controls have frequently resulted in wasteful spending, inefficient management, and losses totaling billions of dollars.”

Bowsher, himself a CPA and former Partner at Arthur Andersen (as was his successor, David Walker), added that:

Current financial reporting practices of the federal government do not disclose the actual cost of operations; do



not disclose the financial condition of the federal government; do not disclose the current and probably future costs of investment or policy decisions; do not permit effective comparison of actual costs or accomplishments to budget plans; and do not provide the timely information required for efficient management of programs. . . There is no official with clearly defined authority and responsibility for assuring the effective and efficient operation of the federal government's accounting and other financial management systems.

Clearly the original concept of tying management improvement to the budget just hasn't worked. The time has come to find a more workable solution to these problems. I believe the establishment of an independent Chief Financial Officer is a major element of such an approach.

The Comptroller General of the United States, head of the Government Accountability Office, was to most people the most respected accountant in America. Although Bowsher obviously agreed with my ideas, I was criticized by other Representatives and by political opponents as being too focused on accounting issues. At times I was pejoratively called a "bean counter," or someone with proverbial "green eye shades" as well as lacking compassion, even though my voting record clearly showed my concern about human rights and social issues.

I was persistent in reminding my colleagues in the House during floor statements and "special orders" that we had grave budget deficit and financial management problems in the federal government, but that I was willing to increase spending on some programs and decrease others based not only on need but on how they were managed. On many occasions I declared that cutting expenditures across the board to reduce the budget deficit (as is happening today with the "budget sequester") was nonsense, and that we needed compassion as well as commonsense when identifying social needs and allocating resources through the political process.

Simultaneously, I argued that we must also manage government programs the way successful businesses are managed—holding people responsible for their actions and rewarding good performance. Now, I can confidently repeat what I said as a Congressman on the floor of the House years ago; namely that if more Members were attuned to how business functions, they would be more understanding and appreciative of the long-term ramifications of their political decisions. As I stated in a meeting of the Republican Party Caucus years ago, "Waste isn't one thing—it is thousands of small things. It is structured, systemic, and must be approached from the point of view of financial management, good accounting systems, and strategic planning." I was trying to prepare my House colleagues for the need for a federal Chief Financial Officer—a concept that could be implemented by the federal government only through legislation.

### **The first CFO bill is introduced in the house**

On March 25, 1986, in the 99111 Congress, I introduced H.R. 4495, a bill entitled "The Federal Financial Management Improvement Act." The bill provided:

- The establishment of an independent Office of the Chief

Executive Office to provide "government-wide direction and coordination of financial management activities."

- The establishment of an Office of the Assistant Secretary-Financial Management within each executive agency.
- The creation of a federal Financial Management Council chaired by the CFO and comprising the Assistant Secretaries for Financial Management of the major federal agencies and departments.

The bill was referred to the House Government Operations Committee, on which I served. In introducing the bill, I stated that federal departments and agencies use a "veritable jungle of special purpose, incompatible, antiquated accounting systems producing unreliable, incompatible, and often irrelevant financial information." I also noted that federal government financial management functions and responsibilities "are seriously fragmented and disorganized—split among the Office of Management and Budget, Office of Personnel Management, the Treasury Department, the various executive branch agencies, and the General Accounting Office, with none having clear-cut responsibilities for oversight and direction of the federal government's financial management operations and activities."

With the Savings & Loan Bank crisis clearly emerging on February 25, 1987 (in the 100th Congress), I introduced H.R. 3142, a new version of H.R. 4495, now called "The CFO Act" and with 10 co-sponsors. Later, on August 6, as the S&L crisis was raging, I introduced an enhanced version of the CFO Act with 57 co-sponsors, after much personal lobbying of my House colleagues on both sides of the aisle. The bill later became the basis for the CFO Act introduced by my senior colleagues in the Government Operations Committee, Chairman John Conyers (D-MI), and Ranking Member, Frank Horton (R-NY). After a conference with the Senate Committee on Governmental Affairs, chaired by Senator John Glenn, "The CFO Act" (now H.R. 5687) was passed in the 101st Congress after I left the House and was signed into law on November 16, 1990, by President George H.W. Bush. (Bush sent me a personal note to commend the work that I initiated in Congress to get this done.)

### **Why the CFO Act should be amended is now clearer than ever**

After twenty-five years under the CFO Act of 1990, the federal government is still not mandated to provide annual consolidated financial statement using the "generally accepted accounting principles" required by the accounting profession and enforced by the Securities and Exchange Commission for publicly traded companies. This allows trillions of dollars of unfunded liabilities, the huge cost of government guarantees and insurance subsidies, and the real cost of uncollectable government loans to be relegated to "sustainability" figures for entitlements just below the "balance sheet" and in "footnotes" spread throughout 200+ pages of the U.S. government's consolidated annual financial report signed by the Secretary of the Treasury.



WEDNESDAY, SEPTEMBER 17, 2008

# The New York Times

To the Editor:

Your editorial is right on target. As a former member of Congress and a certified public accountant, I have been sounding the alarm for several years about how the federal government has been using convenient accounting methods to manipulate the federal budget.

Administration after administration has grossly understated the annual federal budget deficit, the national debt and, as a result, the true cost of federal guarantees and bailouts. It is time to make these practices illegal, as they are in the private sector.

The second Hoover Commission in 1956 saw this clearly, and it pushed Congress to amend the 1950 Budget and Accounting Procedures Act to require all government agencies to maintain their accounts on the accrual basis, which the Securities and Exchange Commission imposes on publicly traded companies.

To protect the taxpayers, it is time to end 50 years of a double standard and fraudulent federal accounting by implementing this law. JOSEPH J. DIOGUARDI

Ossining, N.Y., Sept. 15, 2008

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# OPINION

## ■ WASHINGTON

# Cooking the nation's books

By *Joseph J. DioGuardi*

SPECIAL TO THE NATIONAL LAW JOURNAL

**M**ANY CLEVER devices were used by Enron to create artificial earnings and to hide debt on a massive scale. Chief among them was a series of off-balance-sheet partnerships referred to as special-purpose entities—vehicles set up to make a woefully bankrupt Enron appear financially attractive to Wall Street and credit-rating agencies.

Most taxpayers are unaware (and most politicians don't discuss) that governmental entities use devices similar to Enron's special-purpose entities to hide deficits and huge amounts of public debt. In Washington, these devices are called government-sponsored enterprises, such as the Resolution Trust Corporation, which



JOHN DYKES



was used to implement the massive off-budget bailout of the savings and loan industry in the late 1980s.

In Albany, N.Y., and in other state governments, these devices are often called authorities, such as New York's Metropolitan Transit Authority. As with government-sponsored enterprises, they are used to keep enormous amounts of public spending and debt out of sight and mind, particularly when politically sensitive budget deficits are on the increase.

Even though the U.S. government is the largest public issuer of notes and bonds in the world, Washington has avoided using the Generally Accepted Accounting Principles, known as GAAP, that it mandates through the Securities and Exchange Commission for all other entities that issue stock and/or debt instruments to the public.

In a recent egregious example of deceptive accounting and huge government waste, Secretary of Defense Donald Rumsfeld called for the replacement of an aging fleet of airborne refueling tankers through an off-the-books and off-the-budget leasing program. This would nearly double the cost of this important program to current and future taxpayers, from \$18 billion to \$30 billion.

An April 20 *New York Times* article aptly summed up the problem in its headline, "Creative Deal or Highflying

Pork?" and went on to describe it as creative accounting disguising political patronage.

In recent testimony before Congress, Federal Reserve Chairman Alan Greenspan supported the accrual method of accounting for federal government budgeting and reporting. This method, which is mandated under GAAP, records expenses when they are incurred, not merely when payments are made, as is the case with the easily manipulated cash basis of accounting currently used in Washington.

Greenspan has recently—and rightly—pointed out that the accrual method more clearly lays out the "true costs and benefits of changes to various taxes and outlay programs." He further maintained that the method would "help shift the national dialogue and consensus toward a more realistic view of the limits of our national resources."

It may surprise many to hear that the federal government is legally on the accrual system of accounting already. In published remarks dated May 6, 1976, Elmer Staats, then comptroller general of the United States, stated: "When the Budget and Accounting Procedures Act of 1950 was passed, the General Accounting Office made it a requirement that agency accounting systems be maintained on an accrual basis in order to secure Comptroller General approval. Accrual accounting was recommended in 1949 by the First Hoover Commission. In 1956, based on the Second Hoover Commission Report, Congress amended the 1950 act and specifically directed that agencies maintain their accounts on an accrual basis."

No doubt, in signing the Budget and Accounting Procedures Act of 1950, President Harry Truman thought he was instituting the accrual system and bringing a new era of accounting and fiscal sanity to Washington. Unfortunately, for more than 50 years, the federal government simply ignored the 1950 act and, as a practical matter, there appears to be no legal means to enforce its implementation.

Hopefully, Greenspan's bold statement in support of accrual accounting will re-ignite new public debate on this important issue and push Congress to deal with it.

In calling for accounting reform in Washington, Greenspan echoed what I had said in 1992. In a book I wrote about the massive accounting and budgeting irregularities tolerated by Congress. In the 10 years since, the national debt (on the cash basis alone) has risen from \$3.6 trillion to \$5.7 trillion. But, incredibly, accounting professionals estimate that the true national debt now exceeds \$20 trillion when calculated on the accrual basis, which would require the inclusion of unrecorded liabilities in budget and debt calculations (principally to cover Social Security and federal retirement pension obligations).

If the current generation of politicians fails to adopt the accounting reforms recommended by Greenspan, our children's financial stability and quality of life will be at risk in the future. We can only hope that the corporate governance debacle epitomized by Enron's accounting shell game leads to real systemic change in Washington, in order to protect taxpayers and their children as we are now doing for corporate shareholders. ☐

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*Joseph J. DioGuardi, a certified public accountant and former partner at Arthur Andersen, served in the U.S. House of Representatives from 1985 to 1989. He is the author of Unaccountable Congress: It Doesn't Add Up. DioGuardi can be reached at [www.truthingovernment.org](http://www.truthingovernment.org).*



## Controller's Corner

# The National Debt: a Ticking Time Bomb with Rising Interest Rates

By: Joseph J. DioGuardi, CPA

In 1816, Thomas Jefferson wrote, "[T]o preserve [the people's] independence, we must not let our rulers load us with perpetual debt. We must make our election between *economy and liberty, or profusion and servitude*."<sup>1</sup> Today, make no mistake, the American people are heading toward a national debt overload, and many experts agree our federal government is on an unsustainable fiscal and economic path with no end in sight. As one of the very few Certified Public Accountants ever elected to the U.S. Congress, I made this very clear in *Unaccountable Congress: It Doesn't Add Up* by putting a "congressional credit card" on the cover.<sup>2</sup> In Chapter 1, I said Washington has a "credit card mentality," perennially running up bills by spending money we do not have and borrowing from countries we neither respect nor trust.

To put things in perspective, by the end of 1984, the year I was elected to represent the people of Westchester County, N.Y., in the U.S. House of Representatives, our national debt was only \$1.3 trillion, or just more than \$3 trillion in 2015 dollars. This number was calculated on the grossly inadequate cash basis of accounting used in federal budgeting and financial reporting. In reality, it was already \$3.8 trillion (about \$9 trillion in today's dollars) using accrual accounting principles applicable to every business in America. By the end of fiscal year 2016, the national debt on the modified accrual basis is expected to reach \$19 trillion (see Figure 3).<sup>3</sup>

### Projected Interest Rates Increase Our Economic and Financial Vulnerability

Like with any credit card, there is a cost to paying later — interest to the lenders. Since the Federal Reserve Bank commenced its program of "quantitative easing" (QE), interest rates dropped dramatically in 2008 to keep the economy from sinking and remains at historically low rates, today. As a result, the annual cost of borrowing for the U.S. government has been very low for the last seven years. But, this is about to change since unemployment has now dropped to approximately 5 percent and the economy, while not yet at the growth levels needed for long-term sustainability, has resuscitated moderately. In any case, the Congressional Budget Office (CBO) is projecting, ominously, a rapid increase in the annual cost of interest on the national debt from \$218 billion in 2015 to \$755 billion in 2025 (see Figure 1).<sup>4</sup>

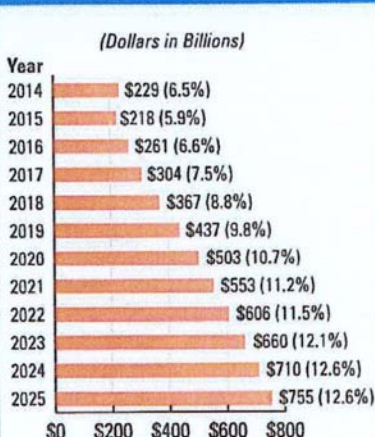
The increase in interest costs for federal spending over the next 10 years could dramatically squeeze the funds our

national government has available for discretionary spending on important government programs. The big point to make here is discretionary spending is already squeezed to less than one-third of the budget by spending on mandatory entitlement programs (see Figure 2).<sup>5</sup> And, it is defense spending that accounts for more than half of discretionary spending. Since interest also acts as a mandatory expense and must be paid currently, unless we begin to reform entitlement spending or increase taxes over the next 10 years, discretionary spending will increasingly become a hostage to rising interest costs on the national debt, including defense spending and the funds we need for homeland security.

### The Need to Use Professional Accounting Principles to Fully Disclose the National Debt

Let me emphasize that full accrual accounting is essential for genuine financial accountability. It recognizes obligations incurred even though not yet paid, like long-term unfunded entitlements for Social Security and Medicare, and it spreads capital costs for long-term assets over the useful lives of those assets. It rules out clever smoke-and-mirror tricks that can mask economic reality in a given year and, above all, makes fiscal responsibility and financial accountability possible. The International Monetary Fund (IMF) published a working paper in November 2015, "Defining the government's debt and deficit," in which the author, Timothy Irwin, concluded "debt and deficit measures need protection from manipulation, such as independent measurement, independent auditing, the use of standards set by independent bodies, and the publication of the assumptions underlying the measure-

Figure 1. Interest Costs on Debt

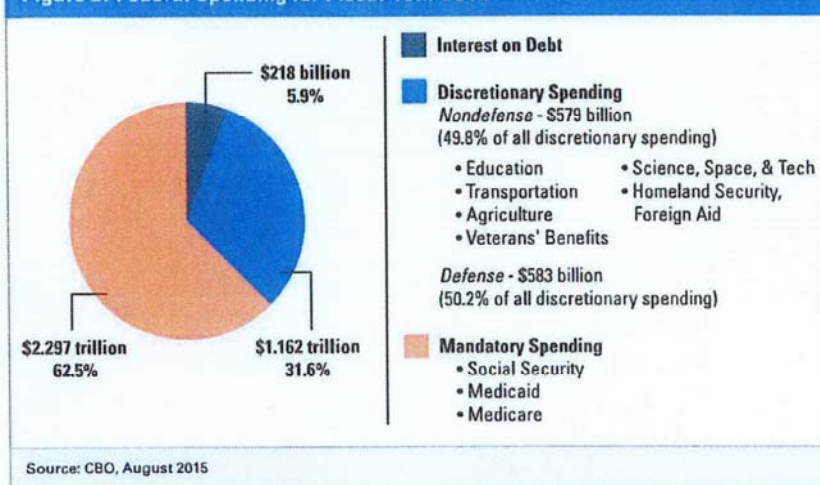


Note: percentages are based on the costs of interest as a percent of federal spending in respective years

Source: CBO, August 2015



Figure 2. Federal Spending for Fiscal Year 2015



ments so that calculations can be checked.”<sup>6</sup> In discussing cash versus accrual accounting for public-sector entities, Irwin argues against cash accounting because of the desirability of recording transactions not when cash changes hands, but when value is “created, transformed, exchanged, transferred, or extinguished” in order to reduce window-dressing and leading to a balance sheet that includes all assets and all liabilities.<sup>7</sup>

On Feb. 25, 2009, I testified before the Federal Accounting Standards Advisory Board (FASAB) on the need for full accrual accounting for U.S. budgeting and financial reporting.<sup>8</sup> While not endorsed by FASAB, a compromise was reached to at least show the largest components of unfunded liabilities for entitlements as “sustainability” numbers just below the U.S. Balance Sheet, in order to show the direction that the perennial U.S. fiscal policy of deficit

spending was taking the country. Now, in the spring of 2016, it is clearer than ever before that Congress is not heeding the dangerous trend of financial unsustainability, and the time for full and comprehensive accrual accounting may have finally arrived.

Jacob Soll, a professor of accounting and sociology at the University of Southern California, published *The Reckoning*, wherein he talks about the roots of our chronically imbalanced U.S. federal budget.<sup>9</sup> According to Soll, successful societies, while they last, properly account for all economic and financial activity. He explains they openly confront and disclose their liabilities as well as their assets, achieving accountability until one misfortune or another, or mismanagement, “gets the red ink flowing unchecked” as we clearly see in Washington today. But Soll makes the point that while in the past nations went

broke through ignorance, there is no excusing leaders today since accountants are everywhere.

So, then, what could be the problem we face today? I dare say that while accountants may be everywhere, the political will is lacking to use accounting principles that record all unfunded long-term obligations and political promises to pay. And since the accounting rules cannot be changed without legislation and the enforcement thereof, requiring the implementation of professional accounting standards, the political establishment in Washington is not inclined to tell the truth about its profligate deficit spending and about the real size of our seemingly uncontrollable national debt. In their calculative thinking, politicians must assume this could put their hold on incumbency in jeopardy, which could sound like a classic conflict of interest to many of us.

And this public perception of a political “conflict of interest” was made painfully clear by my old accounting firm, Arthur Andersen & Co., in its 1986 publication “Sound Financial Reporting in the US Government: A Prerequisite to Fiscal Responsibility,” as follows:

“Given the existing practice of cash-basis budgeting and reporting, programs can be adapted, and promises made, without knowledge of their full cost. This lack of accountability creates an incentive for elected officials to curry favor with today’s voters at the expense of tomorrow’s taxpayers. This lack of accountability has been a root cause of fiscal mismanagement within the U.S. Government.”<sup>10</sup>



# The Journal News

## Opinion

Sunday, May 4, 2003

### Washington needs accounting reform

Joseph J. DioGuardi

As a former member of the House of Representatives and certified public accountant, I was delighted to read an April 1 Associated Press article quoting Federal Reserve Chairman Alan Greenspan in support of the accrual method of accounting (in which expenses are booked when incurred, not when payments are made) for federal government budgeting and reporting.

Greenspan aptly pointed out that the accrual method "more clearly (lays out) the true costs and benefits of changes to various taxes and outlay programs . . . (and will) help shift the national dialogue and consensus toward a more realistic view of the limits of our national resources." I might add that using the current and simplistic cash basis of accounting allows our federal government to manipulate its accounts and budgets in ways similar to what Enron did to cook its books and manufacture earnings, masking economic reality in any given budget year.

The federal government has done an admirable job in cracking down on virtually all accounting fraud except its own. Conveniently, our government in Washington does not use "generally accepted accounting principles," as mandated for all entities that issue stock and/or debt instruments to the public. Yet, the U.S. government is the largest public issuer of notes and bonds in the world. In fact, the accounting principles and financial governance mandated by U.S. securities laws and enforced by the Securities and Exchange Commission do not apply to the books and budgets of our federal government. What is considered fraud for officers of publicly traded corporations is shrugged off as sloppy accounting or "off budget" in Washington.

I tried to get a debate on federal accounting issues started when I was in Congress in the late 1980s and introduced legislation to bring a chief financial officer to the U.S. government, along with needed accounting and financial management reforms. (President George Bush signed most of it into law in 1990.) In the 10 years since I wrote a book, "Unaccountable Congress: It Doesn't Add Up," the national debt (on the cash basis) has risen from \$3.6 to \$5.7 trillion.

But accounting professionals estimate that the national debt now exceeds \$20 trillion on the accrual basis, if you count unrecorded liabilities, principally to cover Social Security and federal retirement pension obligations.

Enron used many clever devices to create artificial earnings and to hide debt. Chief among them was a series of off-balance sheet partnerships referred to as "Special Purpose Entities," vehicles set up to make Enron appear financially more attractive.

What is not generally known is that governmental entities use similar devices to hide deficits and huge amounts of public debt. In Washington, they are called "Government Sponsored Enterprises," such as the Resolution Trust Corp., which was used to implement the massive bailout of the savings and loan industry in the late 1980s. In Albany and in other state capitals, these devices are called authorities, such as New York's Metropolitan Transportation Authority. They are used to keep enormous amounts of public spending and debt out of sight and mind.

Then-Comptroller General Charles Bowsher called the savings and loan budget debacle "a huge scandal that was allowed to grow because of the way this town (Washington) does business."

Basically, the federal government's

accounting scam went something like this: Congress created the Resolution Trust Corp., which initially borrowed \$50 billion from the viable parts of the S&L industry. These funds were then used to cover depositors' losses from the bankrupt S&Ls. Because the government-backed RTC bonds were sold to the private sector, they were "off budget." And while the Treasury Department paid the interest on the bonds "on budget," the payments from the RTC to cover the S&L losses through the Federal Savings and Loan Insurance Corp. were deemed to be government revenue, which in turn artificially reduced the deficit. This simple but deceptive accounting device, like Enron's off-balance sheet partnerships, helped Congress mechanically meet politically sensitive deficit reduction targets while at the same time increasing our national debt by the cost of the bailout (which ultimately amounted to hundreds of billions of dollars). Similarly, the government has provided trillions of dollars of off-budget loan guarantees for everything from student loans to home mortgages.

We can only hope that the corporate governance debacle epitomized by Enron's accounting shell game results in real systemic change on Wall Street in order to protect shareholders, but also in Washington, to protect taxpayers and their children, whose future depends on the "full faith and credit" of a financially viable and fully accountable federal government.

The writer, an Ossining resident, practiced for 22 years at Arthur Andersen & Co. before serving in the U.S. House of Representatives from 1985 to 1989. He has served on the boards of publicly held corporations since leaving Congress.





**JOSEPH J. DIOGUARDI:** Congress and the American people need more reliable information about the federal budget and deficit.

*Without accounting reforms, the federal books will continue to be cooked.*

## RESTORING FISCAL RESPONSIBILITY

*by the Hon. Joseph J. DioGuardi*

**Item:** A 1986 General Accounting Office (GAO) report states that the federal government was using 427 separate accounting systems, of which 53 percent did not conform to GAO accounting principles and standards.

**Item:** The Department of Health and Human Services (HHS) appoints a Chief Financial Officer – the first at the Executive branch level. And in 1988, Richard Kusserow, Inspector General for HHS, issues an annual report utilizing generally accepted accounting principles.

**Item:** In 1989, Housing and Urban Development Secretary Jack Kemp appoints a Chief Financial Officer for the department to monitor its financial activities.

**Item:** The Fiscal Year 1990 federal budget counts as savings the Postal Service's operating deficit of almost \$2-billion and the Farm Credit Financial Assistance Corporation's deficit of \$420-million, by placing them "off-budget."

**W**hen I entered Congress in 1985 and was appointed to the House Committee on Government Operations, I thought I had been placed on the board of directors of the U.S. government. Accountability is key to a board of directors, but I found we did not have reliable financial information upon which to make decisions and report back to our shareholders – the electorate. As a certified public accountant and a former partner with 22 years of experience at Arthur Andersen & Co., I was shocked by the way the federal government was managing our nation's books. Many corporate executives would likely face jail sentences if they utilized the same accounting practices that are routinely employed in hundreds of federal offices across the country. Simply put, the federal government's accounting, reporting and financial management systems are in shambles. Reform is needed, technically and politically.



# ROLL CALL

Opinion

September 19, 2013

## The Right Accounting System Can Save Our Future

Guest Observer

Joseph J. DioGuardi

On Oct. 1, fiscal 2014 will begin for the federal government. Total spending in the president's proposed 2014 federal budget is projected at \$3.8 trillion and, before the month is out, the Treasury will be bumping up against a \$16.7 trillion ceiling on the national debt. But while the current political morass is largely focused on these figures, there's been little discussion about the real scope of the nation's red ink.

It's well-known that liabilities for Social Security, Medicare and federal pensions, if properly shown on our nation's "balance sheet," would add about \$40 trillion to the national debt (not including bad government loans and guarantees that have yet to be written off our federal books). Partisan politics has consumed the federal budget process and, in the meantime, important private sector standards such as accountability, transparency, fairness and objectivity aren't taken seriously enough in managing the cumbersome federal financial bureaucracy.

A more fiscally responsible — and more managerially sound — federal government would include a number of reforms to tell the public about the real cost of government and the true size of our national debt. Among them are adoption of generally accepted accounting principles for the annual budget and financial reporting, independently audited financial statements and a capital budget for infrastructure expenditures (as adopted in 37 states).

From my experience as a certified public

accountant and former member of Congress, adopting the accrual basis of accounting government-wide is by far the most important thing that can be done to make the federal government more fiscally responsible and financially accountable.

The accrual basis of accounting (as opposed to the cash basis) recognizes as income what the government has either earned or is entitled to receive, even before payment is received; and it recognizes as an expense what the government is obligated to pay, when billed or contractually liable, even before payment is made. Accrual-based "generally accepted accounting principles," known as GAAP, is considered the only fair and accurate way to measure a large and complex entity's financial condition and the results of its operation — not only in financial terms but in an economic sense.

Four major countries — Australia, New Zea-

land, Canada and the United Kingdom — that have adopted the accrual basis of accounting (since 1990) for budgeting, financial reporting and government performance measures have fared much better in fiscal responsibility and financial sustainability than other countries that have not done so.

In fact, the 2011 Sovereign Fiscal Responsibility Index ranks Australia, New Zealand, the U.K. and Canada Nos. 1, 2, 9 and 11, respectively. The United States is ranked a dismal No. 28 (out of 34), behind fiscally troubled Italy, Spain and France — and barely ahead of fiscally teetering Portugal and practically bankrupt Greece.

I believe that the United States' poor ranking is the direct result of Washington's complete lack of fiscal sanity, poor financial management and the use of grossly inadequate accounting principles for budgeting, bookkeeping and fi-

nancial reporting.

Since the Truman era, there have been an important series of presidential commissions calling for the adoption of the accrual basis of accounting for the federal government. Incredibly, Congress has resisted these recommendations, refusing to adopt the method of accounting it requires of the private sector's publicly traded companies (through the Securities and Exchange Commission's enforcement mechanisms).

We are at a critical moment in determining whether America will remain sustainable as a great nation. The current accounting system of the federal government doesn't accurately reflect the long-term costs of federal programs, including our massive liabilities for Social Security, Medicare, federal pensions and other entitlement obligations. As a result, politicians continue to make legislative decisions today that don't reflect a concern for the long-term economic and financial condition of our nation.

After nearly 70 years of discussion, and endorsement by four presidents (Truman, Eisenhower, Johnson and Nixon), it's high time that accrual accounting be implemented for all agencies and departments of the federal government. We need to know the truth about how much our federal government is really spending (and obligating us to pay) and how this is raising our national debt far beyond our nation's ability to sustain. America's future depends on it.

*Former Rep. Joseph J. DioGuardi (1985-1989) is a certified public accountant, the author of "Unaccountable Congress" (1992, 2010) and president of Truth in Government.*





# Opinion

Serving the Lower Hudson Valley since 1850

The Journal News | Monday, September 24, 2007

## A capital budget for feds would help secure bridges, save lives

Joseph J. DioGuardi

How many more bridge failures and other events traceable to human error must we endure before realizing that our federal government is playing a deadly game of chance with our nation's aging infrastructure? There are 607,363 bridges in America and thousands of other important infrastructure assets such as dams, steam pipes, and electrical systems that can collapse at any time because we are not properly maintaining and replacing them when necessary. That's because too many of our elected officials are focused more on the short-term political objective of getting re-elected than on replacing our crumbling infrastructure on their watch. I believe that we can begin to change this selfish and myopic behavior by implementing structural changes in budgeting and accounting for long-term federal expenditures. In particular, we need a capital budget to plan, finance, construct, and maintain our nation's massive infrastructure.

I am not an engineer and can say little about structural deficiency, useful lives, and the cost of replacing long-term assets. But as one of the very few certified public accountants who has served in the U.S. Congress, I witnessed first-hand the struc-

### Speak out

Join the conversation about the Route 287 corridor project; see the special "The Road Ahead" feature at [LoHud.com](http://LoHud.com).



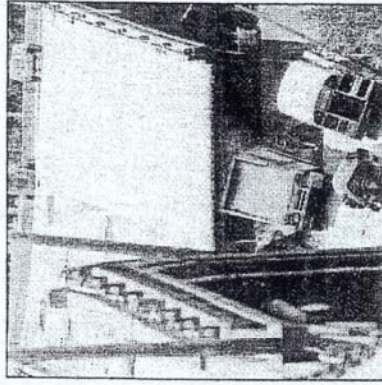
tural deficiency in our budgeting, accounting, and reporting process, which fails to adequately distinguish short-term operating expenses from long-term infrastructure expenditures.

Today, 37 states have a capital budget, while the federal government lumps all of its expenditures annually, big and small, into one big appropriations and spending pot. The result is that infrastructure projects like dams and bridges that may have a useful life of 50 years or more become politically enmeshed with annual budget deficits and biennial partisan electoral politics.

A capital budget for major asset expenditures differs from a budget for annual operating expenses in that it recognizes that certain public investments — like the bridge that recently collapsed in Minneapolis — yield a stream of benefits over

a long period of time and should be paid for over that same period by those who use them. A capital budget would allow facilities with long lives to be capitalized as assets on the books of the federal government and then depreciated or amortized annually over their useful lives. Infrastructure bonds could be issued to finance the cost of such assets and the bonds could be paid off over the useful lives of the assets so that the cost of our nation's infrastructure is allocated fairly to each generation of taxpayers and users.

My wife and I currently live in a condominium development comprised of 130 townhouses. Our little community of retirees, public servants, and private sector employees is basically a "cooperative" and a microcosm of the way that things should work for us in Washington. We depend on our elected board of fellow residents to do the right thing for all of us — to protect and preserve our homes and surrounding infrastructure that we call "common areas." Our board must plan and account for day-to-day operating expenditures, infrastructure maintenance, and even replacement of certain assets such as roads. Our accountants are professional CPAs who are required to get engineering and financial information on the phys-



AP Photo/Morry Gash  
Part of the collapsed I-35W bridge in Minneapolis is shown in an Aug. 3 photo.

ical condition and estimated remaining useful lives of our buildings, roads, waste water pumps, heating, and electrical systems before they can issue a "clean opinion" that gives financial and even emotional comfort to current residents and future homeowners. This should be the way our federal government keeps its books and reports to its citizens, especially since federal agencies like the Securities and Exchange Commission require the private

sector to use such professional accounting standards commonly referred to by CPAs as "generally accepted accounting principles" (GAAP).

Even the Highway Trust Fund, which is separately funded by an 18.3-cent federal tax on gasoline, is not properly sequestered and probably not adequately funded under our federal government's current unified budget system. The latter lumps everything into one big spending pot vulnerable to "earmarking" for pet projects by many elected officials. This allows short-term, politically motivated schemes to drain needed funds from our nation's long-term infrastructure requirements. Until "we the people" realize that Washington's budget and appropriations process is not serving the public interest and remove elected officials who fail to comply with the accounting rules that government imposes on the private sector, we can expect more manmade (but preventable) catastrophes anywhere in the U.S., to which no American will be immune.

The writer, an Ossining resident, served in Congress from 1985 to 1989 and is the author of "Unaccountable Congress: It Doesn't Add Up."





**JOSEPH J. DIOGUARDI**  
MEMBER OF CONGRESS  
1985 - 1989

TRUTH IN GOVERNMENT  
TEL: (914) 671-8583  
[www.truthingovernment.org](http://www.truthingovernment.org)

ALBANIAN AMERICAN CIVIC LEAGUE  
TEL: (914) 762-5530  
[www.aacl.com](http://www.aacl.com)

November 15, 2016

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

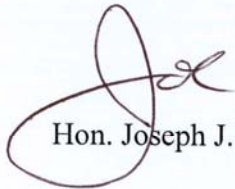


me prior to leaving Congress. Some qualities and policy positions to look for in a Controller of the OFFM are as follows:

- 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 is often the case. 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.





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November 30, 2016

President Barack Obama  
The White House  
1600 Pennsylvania Ave., NW  
Washington, DC 20500

Dear Mr. President,

Thirty years ago, almost to the day in November 1986, Dr. Leroy Ramsey, an African American military historian, came to visit me on Capitol Hill. He told me a story, which was very hard for me to believe—that 1,550,000 Black Americans served in World Wars I and II, and not one received our nation's highest military honor, the Medal of Honor, although hundreds were recommended for it by their commanding officers.

As a Republican Member of the House from New York with a very large African American constituency, I felt morally bound to investigate and correct what I would soon discover to be an historic egregious violation of racial justice. As a junior Member of the minority party in the House, I knew better than to try to do this alone, and so I enlisted the support of someone I had come to know early on: Mickey Leland, a Democrat from Houston, Texas, who was then the chairman of the Congressional Black Caucus.

Mickey and I went all in on bringing the issue of racial injustice fostered by racial segregation in the military to the attention of the press and our fellow Members. On October 20, 1987, we introduced H.R. 3509 and H.R. 3510, to waive the five-year statute of limitation for the relief of African Americans Henry Johnson (Army, World War I) and Dorris "Dorie" Miller (Navy, World War II). We also collected 180 signatures of House Members and got the attention of then Secretary of Defense Frank Carlucci who, after meeting with me and Mickey Leland, ordered an independent study at our urging.

The rest is now history, as you can see in the attached booklet that I prepared and handed out at your White House ceremony for Henry Johnson on June 2, 2015, the ninth Medal of Honor issued as a result of the work initiated by me and Mickey Leland three decades earlier. And, while I would like to think that our work is finished, I cannot help feeling that Congressman Mickey Leland, who died tragically in a plane crash in 1989 delivering food to Ethiopia just months after our meeting with Secretary Carlucci, would want me to attain at least one more Medal of Honor for his fellow Texan and Navy hero, Dorie Miller. As our President and

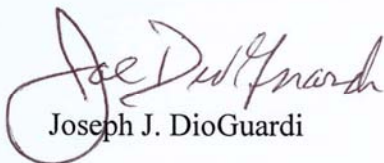


Commander-in-Chief, I strongly believe that you have the authority to issue another Medal of Honor before your second term expires on January 20, 2017, just as you have the authority to issue a pardon by that same date. What a wonderful deed that would be for racial justice! It would counter the conventional wisdom of "justice delayed is justice denied," and it would put a bright star on your legacy as our 44<sup>th</sup> President. It would also become a lasting memorial for the humanitarian work of Mickey Leland, whose life was tragically cut short in the service of others.

The case for Dorie Miller's Medal of Honor has been made by so many since his heroic actions on the USS West Virginia at Pearl Harbor exactly 75 years ago this December 7. Over the years since the Japanese attack on Pearl Harbor, Miller was recognized with the Navy Cross; a U.S. postage stamp commemorated his heroism; and a Navy ship bore his name until it was retired from service. Most recently, the new National Museum of African American History and Culture has a sizeable exhibit in Dorie Miller's honor.

I have never understood why our country has been so sparing in awarding our nation's highest military honor to finalize Miller's historic legacy in perpetuity. This act would not only uphold the highest standards of our great country's moral legacy, it also would contribute greatly to overcoming our nation's terrible history of racism—especially for the benefit of young African Americans in need of the recognition of more heroes whose actions were inspirational "under fire." I hope that you will consider awarding a Medal of Honor to Dorie Miller posthumously in conjunction with your upcoming trip to Hawaii for the 75<sup>th</sup> commemoration of the awful attack on Pearl Harbor, where Miller inspired us all with heroic actions way beyond the call of duty.

Sincerely,



Joseph J. DioGuardi



A Issues  
Common Body  
of Knowledge

# MANAGEMENT ACCOUNTING

COVERING THE WORLD OF FINANCIAL MANAGEMENT/AUGUST 1986

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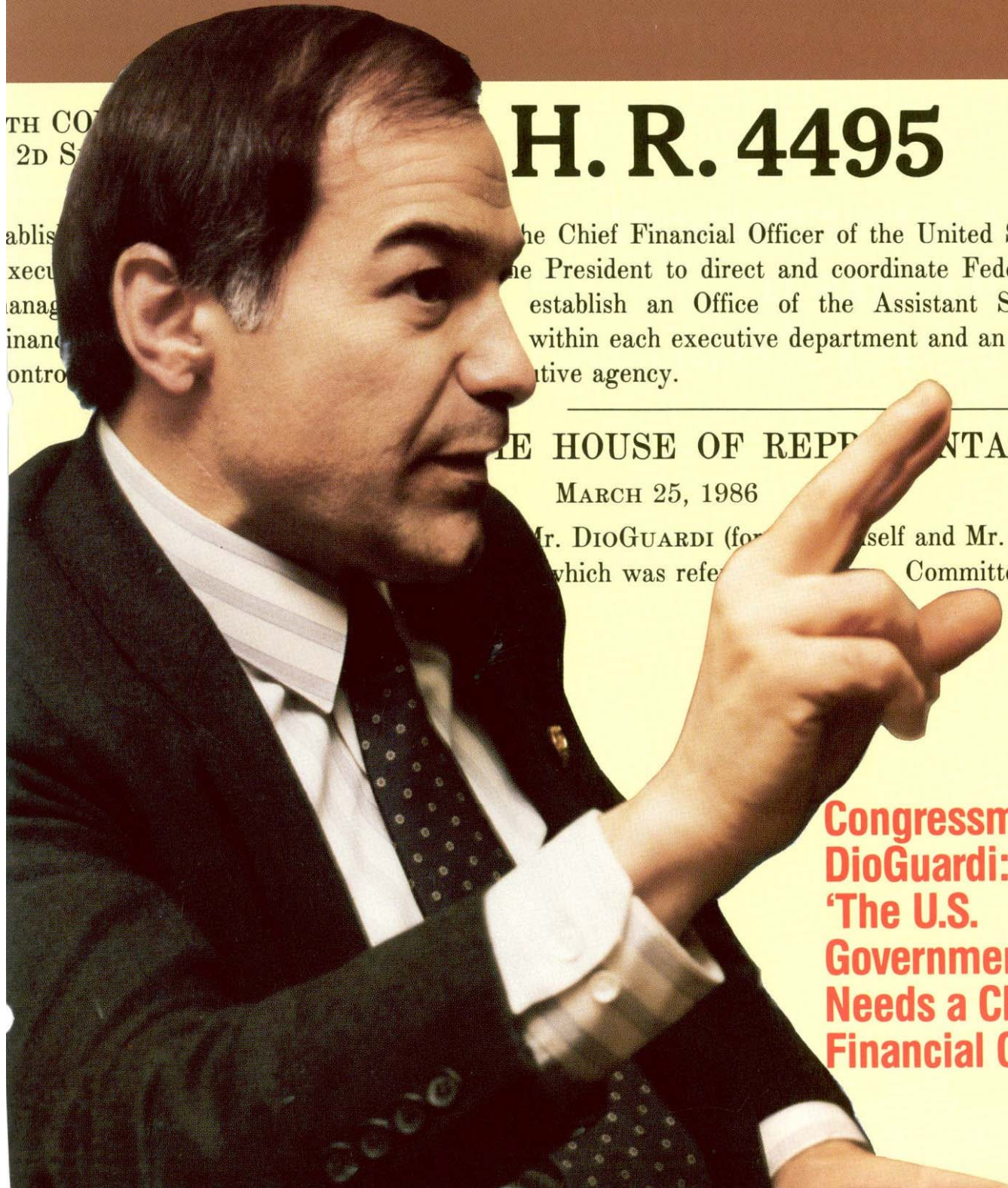
the Chief Financial Officer of the United States in the  
the President to direct and coordinate Federal financial  
establish an Office of the Assistant Secretary for  
within each executive department and an Office of the  
ative agency.

THE HOUSE OF REPRESENTATIVES

MARCH 25, 1986

Mr. DIOGUARDI (for himself and Mr. BOULTER)  
which was referred to the Committee on Govern

**Congressman  
DioGuardi:  
'The U.S.  
Government  
Needs a Chief  
Financial Officer'**





THE WHITE HOUSE  
WASHINGTON

September 18, 1986

Dear Joe:

On August 27, 1986, I was pleased to sign into law S. 140, the Children's Justice Act.

In recent years we have become increasingly aware of the national tragedy of child abuse. Unfortunately, our criminal justice system has often been ill-equipped to deal with the special problems of these young victims. This legislation will greatly assist us by authorizing grants to States to improve the handling and prosecution of cases of child abuse. In addition, it provides demonstration grants for temporary child care for handicapped children and crises nurseries.

Your leadership and encouragement throughout the legislative process did much to ensure the enactment of S. 140. In recognition of your efforts, I am pleased to present to you the accompanying pen commemorating its signing.

Sincerely,

Ronald Reagan

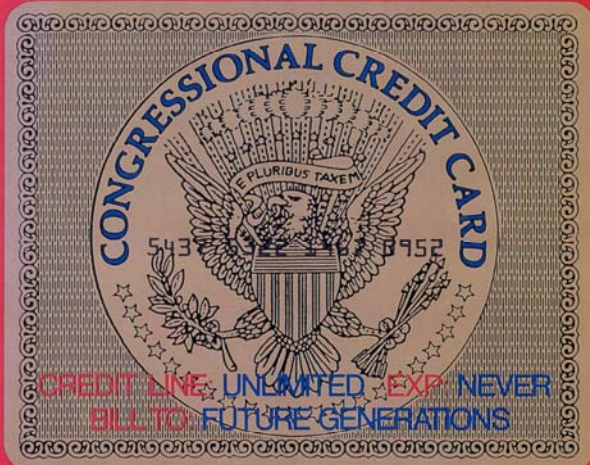
The Honorable Joseph J. DioGuardi  
House of Representatives  
Washington, D.C. 20515





# UNACCOUNTABLE CONGRESS

It Doesn't Add Up



Joseph J. DioGuardi, CPA  
Member of Congress 1985-88

# UNACCOUNTABLE CONGRESS

It Doesn't Add Up



JOSEPH J. DIOGUARDI, CPA  
★ FORMER NEW YORK CONGRESSMAN ★

*“Joe DioGuardi is one of the real heroes in the War on Waste. In this book Joe reads the riot act over how our lawyer-filled Congress mismanages your money and ‘cooks’ our national books, using numbers like a drunk uses a lamp post—for support rather than illumination.”*

*- J. Peter Grace, Chairman, Citizens Against Public Waste*

*“Joe DioGuardi has written a courageous and practical book about the phony budgeting process Congress uses to sustain its financial profligacy. He has both a keen understanding of its accounting gimmickry and some excellent suggestions about how to straighten out our budgetary tangle.”*

*- William E. Simon, Former Secretary of the Treasury*

*“DioGuardi has the experience and know-how to expose dishonesty and gimmickry in the federal budget. In this concise, easy-to-read volume, he cuts through the budgetary jargon and offers common sense recommendations to capture a budget that’s out of control.”*

*- James C. Miller III, Chairman, Citizens for a Sound Economy*

Although *Unaccountable Congress* was first published in 1992, it is as relevant today as it was then. (It was republished in 2010.) The only things that have changed, for the worse, are the sizes of the national debt and our annual deficits.

What follows in this booklet are some of the more recent affirmation of these national trends. (Joseph DioGuardi, 2017)