

**BASIC ACCOUNTING PRINCIPLES
FOR THE FEDERAL GOVERNMENT**

The SPEAKER pro tempore (Mr. JONTZ). Under a previous order of the House, the gentleman from New York [Mr. DiOGUARDI] is recognized for 60 minutes.

Mr. DiOGUARDI. Mr. Speaker, I do not think I will be taking the entire 60 minutes, and there are many Members that would have been here to talk about this important issue of fiscal responsibility and public accountability.

I think we will also be speaking tomorrow on this subject, but I thought I would, nevertheless, take the time to at least alert the House and the American public to one of the most critical issues facing this country today, especially at a time when we are dealing again with the debt ceiling and the lack of planning, the lack of financial management that leads us every year, and sometimes as we have seen recently, every month to address the issue of \$1 trillion which we are spending by just raising the debt ceiling every year as a nice way of getting around raising taxes which obviously I do not support either.

It seems to me that Congress does not realize that when we raise the debt limit, we are in effect raising taxes, because what we are doing is, we are allowing the Treasury Department to sell bonds, and what that does is mortgage the future; and therefore, taxes will have to be raised in the future, probably by our kids, to deal with the issue.

Mr. Speaker, I rise to report to the American people that if they are planning to take their summer vacation at Disneyland or Disney World, they may not find Mickey Mouse when they arrive. No, he is not sick. He is feeling fine.

In fact, Mickey is right here in Washington working his second job as he has done for as long as I can remember as a Congressman.

He is producing the financial information Congress uses each year to conduct our budget. Of course, Mickey's services do not come cheap. Mickey Mouse's financial management and accounting systems cost the American taxpayers billions each year.

If you are like me, I am sure you would rather see Mickey making children smile as opposed to making taxpayers cry.

I am introducing tomorrow legislation to relieve Mickey of his Federal duties by calling for radical changes in the Federal financial management system through the creation of a chief financial officer of the United States of America.

It is time to send Mickey Mouse back to Disneyland and take Fantasyland accounting and budgeting systems out of Washington. That is one of the problems we face today in Washington.

We have to report, he resorts to another way to demonstrate what the problem is in Washington, because it is a shame that not enough of the press is writing about an issue of this importance, that not enough of the Congressmen and their staffs that inhabit this great body or a part of it seem to understand the financial management necessities of spending a trillion dollars; but I was thinking what this means, and how it can be conveyed to the American people.

I was thinking about the credit-card mentality we seem to have here in Congress today, and I was looking at my own voting card.

Many of our citizens have not seen the card that we use to vote each day. They are used to seeing the commercials on television, "Do you know who I am?"

I guess American Express is the one that does that commercial. I would say it this way: Do you know what this is? This is the card I use to vote for you each day that I am in Congress.

We have a computerized system here in the House of Representatives. Whether you live in my district or not, I cast votes that impact your life.

My friends, take a good, hard look at this card. This is the most expensive credit card in the world. This card has no limit.

When you or your spouse gets a call from American Express, Diners Club, Master Charge, or whatever, and you have reached a \$2,000 limit, or your \$5,000 limit, you know as a family that economic reality has arrived.

You sit down with the family, and you look at your standard of living. You might even defer a vacation. Not with this card.

Last year we reached \$1 trillion or \$2 trillion, the national debt, and what do we do? We just kept raising the debt ceiling.

We say, "Pass it on to the kids."

We are now up to \$2.2 trillion, and we now want to raise it even further. Pass it on to the kids. Let them pay for it.

We have a credit-card mentality here in Washington, and we have got to get rid of it, and one of the only ways I know to get rid of it is to do some pretty mundane things.

Having practiced as an accountant for 22 years, I understand the need for improved accounting systems, improved and reformed budgeting systems, and yes, financial management systems.

That is why tomorrow I am reintroducing my bill, so that we can bring a chief financial officer, an independent chief financial officer to the United States of America in the Executive Office of the President with a 10-year term.

We must take numbers away from politics. We must give the public a good count.

The public is not getting a dollar's worth of goods and services for a dollar's worth of taxes.

□ 2325

We are not accountable to the American public. In fact, we continue to use a double standard here in Washington. We in Congress, through the Securities and Exchange Commission, impose on the American people, at least public corporations, because a public company could not sell a share of stock unless it used a meaningful accounting system. We call it generally accepted accounting principles, or the accrual basis of accounting.

And yet, what does Government do? Government sells tens of billions of dollars of bonds every month and you cannot get one piece of paper that gives you the financial condition of the United States of America.

Worse than that, we use what we call a cash basis. It is a Mickey Mouse cash system of accounting that we actually took New York City off in the midseventies as a price for the Federal bailout. But guess what, we still use it here in Washington in our accounting systems, in our budget systems, and if you think a trillion dollars is a lot of money that we spend each year and if you think \$2.2 trillion in debt is a lot of money, that is the good news. That is what is on the books. You cannot believe what is off the books here.

We as Congressmen do not even know the full costs of the Government programs we pass, because the only measure we have is what it is going to cost us this year? What is the cash requirement this year to get out of this year so that we deal with this year's budget. We say that whatever is the encumbrance on the future, let the kids worry about that.

I want a system that is accountable. I want a system that tells me and all other Congressmen what the actual costs of our Federal programs are.

I do not think we have to cut Federal programs. I think that if we imposed financial management systems and good accounting systems, we would identify the real waste here in Congress and we would do what Peter Grace set out to do, and unfortunately the Grace Commission with all those volumes are now hostage to politics, sitting somewhere on a shelf.

So not to belabor the point, because I will be here tomorrow with many of my colleagues to deal with the issue, we need accounting reforms. We need generally accepted accounting principles. We need a capital budget.

We do not differentiate what we pay to the toll collector on a bridge from the bridge. It is all in one big pot. We make no discretion or discretionary choices on that.

It is difficult for us to pan when we do not separate what we spend for capital items and what we spend for current consumption.

We need budget reform. We need a new concept. It is called zero base budgeting.

Why should someone be entitled to what they got last year, plus 2 or 5 percent? But that is the mentality we have here in Washington.

We have the bureaucrats saying, "Hey, I know that if I spend what I was given last year, I'm going to get that back, plus maybe an override."

We have conditioned everybody to spend here in Washington. We have got to go back to something called zero base budgeting. Go back to the first dollar. Have each agency and department justify their needs, including the military, from the first dollar up.

Let us build a house from the foundation up, not a budget process which is from the fifth floor down. It makes no sense. We have got to change that.

We need to buy a new budget. We waste too much time here talking about budgeting and after we get a budget resolution, what do you have? You have heroes the next day on the floor looking for continuing resolutions and supplemental budgets.

So why do we need a budget to begin with? I say we do need one, but do it every 2 years. Give us the chance to really examine the budget from the ground floor up and make meaningful choices, set priorities.

Finally, the third leg on the tripod, financial management systems. We need to know more about how that trillion dollars is spent, how well it is managed. We need to know about receipts. When the IRS and the Treasury Department gets its money, is it making a deposit that day?

I still hear stories from my accounting friends that sometimes it is 2 or 3 weeks before the IRS deposits a check. Is that financial management? And they want to come back to us for more money when they need it for administrative purposes?

We need it on payments, do we take the discounts we are entitled to by making our payments on time?

On assets, do we really have the control around all the equipment that we buy, the military and other agencies? Not from the position on the Government Operations Committee, not the war stories I keep hearing every time we have a meeting.

These are just some of the things that I would put forward.

So we need to do more. It is important for two basic reasons, and I will conclude on this note. Congressman must know the full costs of the legislation they are passing so that they can make meaningful choices. They do not now get that information. We cannot now make meaningful choices because we do not have a data base. There is not meaningful, timely information, given to Congressmen here as decision-makers.

More than that, the taxpayers need to know what they are passing on to their children, because literally what we do not raise in tax revenues and we allow the Treasury to borrow, as we are going to do tomorrow when they raise that debt limit, that is encumbering future revenue. We are really raising taxes, but we are not raising taxes this year. We are forcing future generations to raise taxes, and it is not right.

My friends, King George is back. The Stamp Act is back. We have got taxation without representation, because our kids cannot vote, and yet they will have to pay for the excesses of our standards of living today.

So, Mr. Speaker, I would say that it is time to get back to common sense, to get back to the things that we in Government impose on the private sector. Let us have one standard. If through the SEC we are going to tell public corporations to use meaningful accounting systems, to have outside audits, let us do it ourselves when we sell bonds, when we go to the American public to raise the money that we seem to need to balance the budget here.