The Treasury Department issues a financial report for the United States Government every year. This complicated report runs hundreds of pages long. It can be a difficult and sometimes depressing report to try to understand. But that simply reflects the fact that we have a massive and complicated government that is hard to understand.

In fact, a strong case can be made that, as long and complicated as the Financial Report of the U.S. Government is, it isn't long enough.

The appearance of a comprehensive accounting in the annual financial report is arguably a surface impression, if not a mirage. The financial statements for the federal government are compartmentalized and summarized in ways that do not fully account for costs and the accumulation of debts for taxpayers.

That's why recent efforts to establish a federal program inventory are worthy of scrutiny, if not support. A thorough federal program inventory would help citizens understand the full scale, scope and costs of government activities they are asked to support.

What is a "Federal Program Inventory?"

Back in 1993, Congress passed the "Government Performance and Results Act" (GPRA). The GPRA was aimed at providing comprehensive oversight and management of programs throughout the federal government. It required

federal agencies to develop strategic plans based on long-term goals, as well as performance measures and results reporting.

The "Findings" introducing this law included the following: "waste and inefficiency in Federal programs undermine the confidence of the American people in the Government and reduces the Federal Government's ability to address adequately vital public needs" and "federal managers are seriously disadvantaged in their efforts to improve program efficiency and effectiveness, because of insufficient articulation of program goals and inadequate information on program performance."

In order to provide an accounting for federal government programs, you have to identify and list them all. That's what a federal program inventory tries to do, in theory. The GPRA didn't include the word "inventory," and neither did the "GPRA Modernization Act" in 2010. But the latter act directed federal agencies to develop websites identifying all their "programs" with a view to laying a framework for evaluating and reporting on program performance.

In 2013, the Obama Administration released the first "Federal Program Inventory" required under this law. That announcement noted that the government already offered an accounting for agency programs in a variety of other venues, including the President's Budget, Congressional Budget Justifications, USAspending.gov, and the Catalog of Federal Domestic Assistance.

One venue was conspicuous in its absence in that announcement, however. That was the annual Financial Report of the U.S. Government, which has been up and running in its modern format since the late 1990s.

In its May 2013 announcement, the Obama Administration touched on the topic of defining a "program" for the purpose of the inventory. It started with a broader definition used by the U.S. Government Accountability Office, but allowed each of the 24 CFO Act Agencies to individually tailor program definitions to "in a way that reflects the unique mission and operations of the agency." The Obama Administration also committed to updating the inventory every year.

Things didn't go so smoothly, however.

The 2013 inventory publication was based on agency-by-agency compilations, not a comprehensive overview on a consistent basis across different agencies. As a result, it did not effectively allow identification of duplication and inefficiency. In addition, the Office of Management and Budget (OMB) did not include tax expenditures in its program inventory. The federal government incurs tax expenditures for a wide variety of goals that overlap with other programs, with large dollar amounts (approaching total discretionary spending) involved.

Summarizing concerns arising upon the release of the inventory, Adam Mazmanian, the executive editor of Federal Computer Week, stated in a

May 31, 2013 article that the "inventory does not offer a total number of federal programs--something that government performance critics such as Sen. Tom Coburn (R-Okla.) have frequently sought. It doesn't define what constitutes a federal program, nor does it provide the information in a uniform fashion. ... For an administration that has broken new ground in the use of online media, it is an uncharacteristically sprawling and inconsistent document."

In 2013 and 2014, the Government Accountability Office (GAO) released several reports assessing the Administration's lack of progress in developing a useful inventory. In a lengthy October 2014 report titled "Inconsistent Definitions and Information Limit the Usefulness of Federal Program Inventories," GAO concluded simply that "to date, the approach used by the Office of Management and Budget (OMB) and agencies has not led to the inventory of all federal programs, along with related budget and performance information, envisioned in the GPRA Modernization Act of 2010." The GAO made a number of recommendations to OMB, but as U.S. Comptroller General Gene Dodaro more recently testified, "as of March 2019, the executive branch had not resumed implementation of the inventory requirements."

Back in April 2013, as some boots on the ground came to realize the first OMB inventory would be a less-than-valuable exercise, then-U.S. Representative James Lankford (Oklahoma) introduced the Taxpayers Right-To-Know Act in the House of Representatives. The bill passed the House in early 2014, but it has yet to pass the United States Senate. It remains alive and supported by the U.S. Comptroller General.

Under more strenuous terms, the proposed Act called for federal agencies to compile an inventory of all their programs annually, including an accounting for costs and expenditures, the number of program clients and/or beneficiaries, and the number of federal employees and contractors administering those programs, with a view to identifying duplication (and waste) of federal resources.

In turn, the proposed Taxpayers Right-To-Know Act would require the OMB to produce an annual report identifying duplication of effort, and recommending specific means by which to reduce duplication, waste and inefficiency. It also calls on the U.S. GAO to evaluate and report on the progress of specific federal agencies in meeting the directives in the law.

Nobody Wants to Be Eliminated

Many publicly-funded government programs are supported by vested interest groups, even if they burden the average citizen. And the programs themselves can live on simply to serve the self-interest of the people who work on them. These motivations help explain why efforts to develop a federal program inventory and identify executive branch duplication and waste have yet to bear fruit a full decade after more-or-less explicit directives were given in the GPRA Modernization Act of 2010.

For all of its merits, unfortunately, the Taxpayer's Right-To-Know Act may just be banging its head against the wall. The proposed legislation still directs the OMB – in the executive branch -- to do what executive branch agencies simply don't seem to want to do.

Putting more teeth in the directive to OMB may be a step in the right direction. But Congress could also consider a more fundamental change in course.

The Government Performance and Results Act of 1993 was not the first step down the yellow brick road of producing a federal program inventory. Back in the early 1980s, in a set of hearings titled "Congressional Oversight of Federal Programs," the House Rules Subcommittee on the Legislative Process heard testimony from Harry Havens, Assistant Comptroller General. Amidst discussion of legislation that would have the GAO – the audit arm of Congress – lead the development of a federal program inventory, Havens submitted a statement for the record:

> *There has been an increasing concern that we may not have a totally consistent definition of terms as to what is a program and which elements, in fact, are programs. ... So we are in the process, again, of working on that problem which has been a problem since 1974 when we started working on it. I think we would be prepared to implement bill 58 at the time it would be called for in that bill.*

In turn, Havens submitted a written "Status of Program Inventory" statement for the record, which stated the following:

> GAO has proceeded with the development of a program inventory under our existing authority under section 202(a)(1) and 203(c) of the Legislative Reorganization Act of 1970, as amended by the Congressional Budget Act of 1974. ... Consistent with these requirements, we have developed and maintained a Federal program inventory of about 6,000 programs, activities, and projects of all Federal agencies, off-budget entities, and other Federal entities.

In other words, the apparently impossible task was already completed almost 40 years ago!

Granted, it would be a harder task today, given the growth in scale and complexity of our federal government over time. But that growth in scale and complexity – and the cost -- is what drives the urgent need for a program inventory today.

Don't Let the Perfect Be the Enemy of the Good

Just do it, Congress – and don't defer to the OMB. Consider putting the GAO in charge of developing a program inventory, and do what it has proved it could do in the past. The GAO may step on some toes, and the result may not put all the right pieces in all the right boxes. But it could be a step in the right direction, especially in reasserting greater control in the Congress, where it belongs.

The OMB's past efforts weren't entirely in vain, of course. In particular, the OMB developed a program that could serve as a model for categorizing programs today. The OMB's initial program inventory efforts in 2012-2013 were certainly compartmentalized by agency, but they also developed a pilot effort at identifying programs relating to "trade, exports and competitiveness" – not within an individual agency, but across 11 different agencies and other entities.

Any future program inventory need not restrict itself to one model, and one of the models to consider could supplement and/or completely replace the "agency by agency" compilation of programs. Whoever leads the next inventory effort could include a more-or-less comprehensive (remember, please don't let the perfect be the enemy of the good) categorization of programs based on topic, not department or agency.

In fact, this perspective could be one of the best lenses through which to view the lay of the land in terms of how many different entities are spending time (and money) at doing duplicative (and expensive) work.

In that spirit, consider the following four examples of frameworks for cross-agency program inventory management.

Research and Development (R&D)

Here's a broadly framed category for identifying and aggregating large-scale spending in programs across all categories of government. Research into health, environment, financial services, national security and a host of other topic areas cost billions of dollars annually, and can put taxpayers in a position of subsidizing parties that reap and reward themselves with the fruits of publicly-funded but risky projects.

Compiling R&D "programs" would include formal government agencies identified and defined by research agendas, as well as research conducted under broader departmental initiatives. An R&D inventory would include a thorough examination of "make or buy" decisions of federal government research activities, including the outsourcing of research to academic and other "private sector" organizations.

Legal Expenses

The cost of government is driven significantly by the cost of developing, administrating, and adjudicating law. Through a cynical lens, Congress, and state and local legislatures, can be viewed as factories, staffed by lawyers making lots of long, complicated laws that help other lawyers make lots of money. But government accounting standards do not help us understand how lawyer-intensive the cost and debt burden facing citizens is.

Consider the Financial Report of the U.S. Government. We are presented with two statements effectively comprising an income statement. The first, titled "Statement of Net Cost," reports total expenses by department, but does not break down those totals by expense type. From there, the report includes a "Statement of Operations and Net Position," which aggregates total net cost across departments, subtracts that total from nine revenue sources, leading to a boom-line "net operating cost." But the breakdown of the sources of cost, including legal expenses, is not available in the overall financial report of the U.S. government.

In the annual report for 2019, the word "legal" appears 31 times, but never in the context of how costly legal services expenses are for the government. The next place to look to try to find an accounting for legal expenses is in specific agency financial reports. In the latest annual report for the U.S. Department of State, for example, the Statement of Net Cost aggregates expenses across seven warm, fuzzy, noble-sounding missions including "Peace and Security," "Democracy, Human Rights and Government," "Health, Education and Social Services," "Humanitarian, Economic Development, and Environment," and "Administration of Foreign Affairs." There is no category for legal expenses.

For the federal government, for the purpose of the program inventory, the GAO, OMB or whoever leads the effort could define a broad program category for "Legal Expenses," then document the scale and scope of legal expenses across the entire federal government, with a view to identifying waste, fraud duplication of effort. Granted, legal expenses could be part of other cross-agency programs, but again, the goal should not be to add up all the costs to a "right amount," or to put all the right pieces in the right boxes. The goal should be to inform Congress, and the American public, about the scale, scope, and effectiveness of how their tax dollars are spent.

Insurance Activities

The federal government can be viewed as more than just a factory filled with people making, administering and enforcing laws. Our federal government acts like an insurance company for a wide range of markets and industries, and through a wide range of formally separate and discrete entities providing functionally similar forms of insurance services.

Deposit insurance, flood insurance, unemployment insurance, health insurance, farm credit system insurance, pension insurance, and social insurance are just some of the formal programs offered through the federal government. Implicit insurance such as risk-sharing arrangements and broader financial market safety net arrangements through the Federal Reserve and the Treasury are also important.

A thorough federal program inventory would explore the massive web of federal government insurance-like activity, and include a critical review of the difficult accounting issues attached to any effort to understand the extent of duplication/overlap of effort, and the total cost of subsidies extended through these programs.

Federal Grants to State and Local Governments

The Federal government provided roughly $750 billion in grants to state and local governments in fiscal year (FY) 2019. Grants were provided for a wide range of programs and policies. A 2019 Congressional Research Service report identified "Health Care," "Transportation," "Income Security," "Education," "Job Training," "Social Services," "Community Development," "Environmental Protection" among the programs supported by federal grants. Each of these policy areas can overlap with others. And each of them can include programs subject to debate over different definitions.

But as soon as you define "program" not in terms of the name of the policy area, or the name of the federal entity or department, but in broader terms such as "Federal Grants and Loans to State and Local Governments," that could be a way of stepping back from definitional and/or turf battles into more a more productive allocation scheme. Then, you do the hard work of identifying federal grants and loans to state and local governments -- all of them -- with a view to understanding the full scale, scope, and efficiency of grant and loan making.

This would be a timely project, as grants are now mushrooming with the economic/pandemic crisis. "A crisis is a terrible thing to waste," the saying goes. Well, it also goes that it's terrible to be wasteful in a crisis. This element of the federal program inventory would include loans as well as grants, including loans through the Federal Reserve's new "Municipal Liquidity Facility."

Many state and local governments are now in very difficult financial circumstances, in part because of the COVID-19 pandemic. But many of the governments in the worst shape are there because of long-standing failures of their own accord – including balancing their budgets with planned borrowing proceeds as well as politically-sensitive expectations for greater federal grants in a time of crisis.

A careful federal program inventory would carefully account for all federal grants and loans to state and local governments.

Conclusion

These last four examples only scratch the surface. The 2013 OMB pilot for programs affecting "trade, exports, and competitiveness" provides another example. And it might appear difficult to establish a set of broad "program" areas that discretely includes all federal programs – unless you put an "All Other" category into the mix.

A quote from Marcus Aurelius goes "Waste no more time arguing what a good man should be. Be one."

We need to develop a federal program inventory now, and we need to stop letting the perfect be the enemy of the good. Arguments over definitions should not keep this important project from going forward. And the inventory shouldn't be required to "add up" exactly. Broad program categories and a more global perspective can help move it ahead.

In turn, Congress should take a step back, and reconsider asking OMB to do what it hasn't done in the past. It may be time to pass the torch to the GAO.

Below please find an informative bibliography designed for anyone who wants to get up to speed on the history of federal program inventory initiatives. It is arranged chronologically within seven categories.

CONGRESS

U.S. House of Representatives, Committee on Rules, Subcommittee on the Legislative Process, "Congressional Oversight of Federal Programs: Hearings" (various dates 1981/1982)

Congress.gov, "Government Performance and Results Act of 1993" (August 3, 1993)

Congress.gov, "GPRA Modernization Act of 2010" (January 4, 2011)

Shayerah Ilias, Charles Hanrahan and M. Angeles Villareal, "U.S. Government Agencies Involved in Export Promotion: An Overview and Issues for Congress" Congressional Research Service (January 31, 2013)

U.S. Senate, "Letter to The Honorable Mick Mulvaney, Director of OMB" Senate Budget Committee, Letter signed by 17 senators (July 16, 2019)

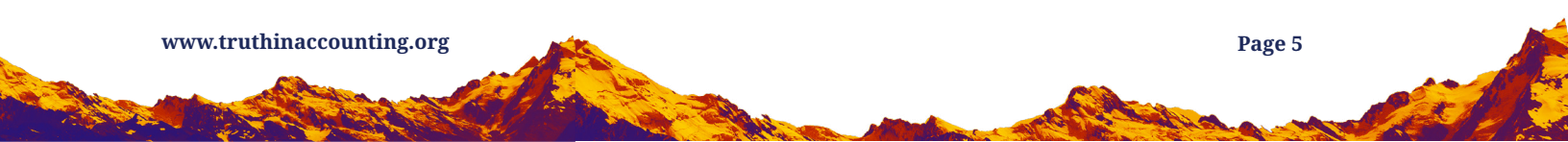Republican Study Committee, "Power, Practices, Personnel: 100+ Common Sense Solutions to a Better Government" (February 5, 2020)

Blue Dog Coalition, "House Passes Blue Dog-Endorsed Taxpayers Right-To-Know Act" (February 5, 2020)
Congress.Gov, "S. 2177 – Taxpayers Right-To-Know Act"

GAO REPORTS / TESTIMONY

U.S. Government Accountability Office, "Inventory of Federal Food, Nutrition and Agriculture Programs" (September 11, 1979)

U.S. Government Accountability Office, "A Systematic Management Approach is Needed for Congressional Reporting Requirements" (November 25, 1981)

U.S. Government Accountability Office, "Inventory of Federal Programs Directly Related to Improving Private Sector Productivity" (December 14, 1984)

U.S. Government Accountability Office, "Managing for Results: Opportunities for Congress to Address Government Performance Issues" (December 9, 2011)

U.S. Government Accountability Office, "Managing for Results: Executive Branch Should More Fully Implement the GPRA Modernization Act to Address Pressing Governance Challenges" (June 26, 2013)

U.S. Government Accountability Office, "Government Efficiency and Effectiveness: Views on the Progress and Plans for Addressing Government-Wide Management Challenges," (March 12, 2014)

U.S. Government Accountability Office, "Government Efficiency and Effectiveness: Inconsistent Definitions and Information Limit the Usefulness of Federal Program Inventories" (October 31, 2014)

U.S. Government Accountability Office, "Fragmentation, Overlap and Duplication: An Evaluation and Management Guide" (April 14, 2015)

U.S. Government Accountability Office, "DATA Act: Progress Made in Initial Implementation but Challenges Must Be Addressed as Efforts Proceed" (July 29, 2015)

U.S. Government Accountability Office, "Managing For Results: Implementation of GPRA Modernization Act Has Yielded Mixed Progress in Addressing Pressing Governance Challenges" (September 30, 2015)

U.S. Government Accountability Office, "Performance.gov: Long-Term Strategy Needed to Improve Website Usability" (August 30, 2016)

U.S. Government Accountability Office, "Federal Programs: Information Architecture Offers a Potential Approach for Development of an Inventory" (September 28, 2017)

U.S. Government Accountability Office, "Managing for Results: Further Progress Made in Implementing the GPRA Modernization Act, but Additional Actions Needed to Address Pressing Governance Challenges" (September 29, 2017)

U.S. Government Accountability Office, "Sorting Out the Federal Government: Creating an Inventory of Programs Using Information Architecture" Watchblog (November 7, 2017)

U.S. Government Accountability Office, "Climate Change: Analysis of Reported Federal Funding" (May 30, 2018)

U.S. Government Accountability Office, "Military and Veteran Support: Detailed Inventory of Federal Programs to Help Servicemembers Achieve Civilian Employment" (January 17, 2019)

U.S. Government Accountability Office, "Fiscal Exposures: Federal Insurance and Other Activities That Transfer Risk or Losses to the Government" (March 27, 2019)

Gene Dodaro, "Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Billions in Financial Benefits" Senate testimony (May 21, 2019)

THINK TANKS / ASSOCIATIONS / PRIVATE SECTOR FIRMS

Matheson Russell, "What is the Federal Program Inventory?" Marotta Wealth Management (January 13, 2015)

Bryan Berky, "There are 45 Federal Programs to Help Servicemembers Find Employment, But Which Ones are Working?" Foundation to Restore Accountability (January 25, 2019)

Bryan Berky, "Report Identifies Billions in Federal Program Duplication" Foundation to Restore Accountability (May 23, 2019)

Bryan Berky, "Senators Provide Breakthrough in Long Fight for Taxpayer Transparency" Foundation to Restore Accountability (July 19, 2019)

Andrew Lautz, "How Many Federal Government Programs Are There?" National Taxpayers Union (July 22, 2019)

Association of Mature American Citizens, "Bipartisan Senate Coalition Wants Inventory of All Federal Programs" (August 13, 2019)

Andrew Lautz, "OMB Pilot on Spending Data Points to a Path Forward for Federal Program Inventory" National Taxpayers Union (April 14, 2020)

MEDIA

Charles Clark, "OMB Tasks 11 Agencies With Documenting Duplication" Government Executive (January 17, 2012)

Jack Moore, "OMB Takes First Step Toward Comprehensive Inventory of Federal Programs" Federal News Network (May 31, 2013)

Adam Mazmanian, "OMB Releases First Federal Program Inventory" Federal Computer Week (May 31, 2013)

Federal Managers' Daily Report, "GAO Finds Program Inventories Lacking" FEDweek (November 10, 2014)

David Stegon, "Federal Program Inventory Launched on Performance.gov" FedScoop (January 9, 2015)

Bryan Berky, "Chuck Schumer's View of Transparency: For Thee, But Not For Me" Washington Examiner (May 4, 2018)

Charles Clark, "GAO Maps Out Agency Spending on Climate Change," Government Executive (May 31, 2018)

AllOnGeorgia, "US Senators Want Federal Programs Published on Central Website" (July 22, 2019)

Andrew Lautz, "Asserting Congress's Power of the Purse Shouldn't Be a Partisan Problem" Washington Examiner (July 3, 2020)

TAXPAYERS RIGHT-TO-KNOW ACT

David Barton, "Taxpayers Right to Know Act Will Cost $100 Million to Implement Over 5 Years" Executive.gov (July 9, 2012)

House Republicans, "H.R. 1423: Taxpayers Right-To-Know Act" (February 25, 2014)

Chris Edwards, "Taxpayers Right-To-Know Act" Cato Institute (December 1, 2016)

The Norman Transcript, "Senator Lankford Introduces Taxpayers Right To Know Act" (February 7, 2017)

YouTube, "Senator Lankford Promotes Importance of Taxpayers Right To Know Act During HSGAC Hearing" (May 21, 2019)

Sen. James Lankford (OK), "Senators Lankford, Hassan, Johnson, Sinema, Ernst Introduce Taxpayers Right-To-Know Act" (July 18, 2019)

Courtney Buble, "Senate Panel Backs Bill Requiring Greater Transparency on Federal Spending" Government Executive (July 24, 2019)

Fredericksburg Free Lance-Star, "State Taxpayers Have Right To Know Too" (October 17, 2019)

Demian Brady, "Taxpayers Right-To-Know Act Would Ease Completion of an Inventory of Federal Programs" (January 24, 2020)

Katie Malone, "OMB Working on Program Inventory for COVID Spending, Vought Confirms" MeriTalk (June 4, 2020)

National Taxpayers Union, Demand Progress, FreedomWorks, Project on Government Oversight, Protect Democracy, R Street Institute, Taxpayers for Common Sense, Taxpayers Protection Alliance, "Letter to Rep. Carolyn Maloney and Rep. James Comer" (July 9, 2020)

OFFICE OF MANAGEMENT AND BUDGET

Obama Administration Archives, "The Federal Program Inventory: Making Program Information More Accessible" May 31, 2013

Obama Administration Archives, "Section 280: Federal Program Inventory" OMB Circular No. A-11 (2016)

SPECIFIC DEPARTMENTS

U.S. Department of Homeland Security, "Federal Program Inventory" (May 22, 2013)

U.S. Small Business Administration, "Federal Program Inventory" (May 23, 2013)

U.S. Office of Personnel Management "Fiscal Year 2015 [sic] Federal Program Inventory" (May 23, 2013)

U.S. Department of Energy, "Federal Program Inventory" (2013)

U.S. Environmental Protection Agency, "Federal Program Inventory" (May 29, 2013)

U.S. Department of Justice, "Federal Program Inventory" (May 30, 2013)

U.S. National Science Foundation, "Federal Program Inventory" (May 30, 2013)

U.S. Department of Defense, "Federal Program Inventory" (May 31, 2013)

U.S. Social Security Administration, "Federal Program Inventory" (May 31, 2013)

U.S. Department of Education, "Federal Program Inventory" (June 4, 2013)

U.S. Department of Treasury, "Federal Program Inventory" (June 6, 2013)

U.S. Department of State, "Federal Program Inventory" (June 6, 2013)

U.S. Department of Agriculture, "Federal Program Inventory" (June 6, 2013)

U.S. Department of Transportation, "CCAM Program Inventory" (October 28, 2019)

President's Task Force on Environmental Health Risks and Safety Risks to Children, "Key Federal Programs to Reduce Childhood Lead Exposures and Eliminate Associated Health Impacts" (November 2016)

U.S. Federal Communications Commission, "Inventory of Federal Programs and Points of Contact" (March 5, 2019)