the fountain of youth has yet to be discovered.

We are all vulnerable to diseases such as Alzheimer's Parkinson's, and osteoporosis that can leave us mentally or physically disabled. We must accept the risk of needing long-term care and consider it in our normal retirement planning.

This bill encourages personal responsibility and makes it easier for individuals to plan for their future long-term care needs. It provides important tax incentives for the purchase of long-term care insurance and places consumer protections on long-term care insurance policies so quality products will be affordable and accessible to more Americans.

It allows States to develop programs under which individuals can keep more of their assets and still qualify for Medicaid if they take steps to finance their own long-term care needs, allows individuals to make tax free withdrawals from their individual retirement accounts without penalty if they purchase private long-term care insurance, and provides for consumer education to help families decide how to best plan for their own particular circumstances.

Stimulating the private market through tax incentives and asset protection programs is a long-term investment in reducing Americans' reliance on Medicaid, and other Federal and State entitlements. Just as employer-sponsored health insurance got a boost after Congress exempted employers' payments for health insurance from corporate taxes, the long-term care market needs a major boost if we are seriously going to encourage individuals to provide for their own long-term care needs.

Last year Congress was involved in an exhausting debate over how to reform our entire health care system. To my great disappointment, that debate did not yield legislation that could be passed on a bipartisan basis. Instead we fought an all or nothing battle for health care reform that left the American public no better off than when we began.

Long-term care reform was one of the victims of this all or nothing strategy. Several bills contained provisions to establish a non-means-tested long-term care program that would have cost taxpayers over $48 billion. While the program would have certainly provided necessary long-term care services to many families, it was simply unrealistic to build a large publicly funded program at a time when we were trying to balance the budget. Furthermore, creating a non-means-tested program would have only strengthened the misconception that the Government will pay for long-term care and that there is little need to purchase protection.

As Abraham Lincoln once cautioned, ''We must not promise what we ought not, lest we be called on to perform what we cannot.''

The provisions included in the long-term care reform bill I am introducing today are not only reasonable, but enjoy strong bipartisan support. They were included in almost every health care bill introduced last year and are an important part of the Senior's Equity Act in the House Republican Contract With America.

A strong private long-term care market will not only give individuals greater financial security for their future, but will ease the financial burden on the Federal Government for years to come, as our population ages and more elderly persons require long-term care.

I strongly urge my colleagues to cosponsor this legislation which will improve the financial security of older Americans and their families both now and in the future. •

## RELEASE OF GAO HIGH RISK LIST REPORT

• Mr. GLENN. Mr. President, the General Accounting Office [GAO] has just released its second series of reports which identify the Federal program areas they consider most vulnerable to waste, fraud, abuse, and mismanagement—placing hundreds of billions of taxpayer dollars at risk.

GAO began its high-risk program in 1990, with much encouragement on my behalf as the then-chairman of the Committee on Governmental Affairs. Its purpose was to highlight problems that were costing the Government—meaning U.S. taxpayers—billions of dollars.

In 1992, GAO issued a series of reports that outlined the problems, root causes, and needed actions for each of the areas designated as high-risk. At that time, some agencies were beginning to address their high risks but progress was minimal and the task ahead was daunting.

Under my leadership, the Committee on Governmental Affairs strongly supported GAO's high-risk effort. We worked with them as well as agency heads to address problems resulting from a lack of accountability and weak management controls. We also labored hard to provide the necessary oversight and follow-up legislation, on a bipartisan basis, to finally begin addressing these major problems and start a concentrated and systemic approach to governmentwide management.

Efforts like strengthening and expanding the Inspectors General Act to detect and prevent fraud, waste, and abuse. Or the Chief Financial Officers [CFO] Act of 1990, which is forcing Federal agencies to establish formal financial management structures, including a chief financial officer, and that for the very first time in our Nation's history will produce audited financial statements for certain accounts and programs. Just last year, we also passed the Government Management Reform Act [GMRA] which, among other things, will require—beginning with fiscal year 1997—an audited financial statement on programs and operations for the Government as a whole.

Also, I was pleased to work with Senator ROTH, our new committee chairman with a long interest in these areas, to pass the 1993 Government Performance and Results Act [GPRA]. This legislation mandates that Federal agencies develop performance measurement systems so that we can begin to determine how these programs are working, whether they meet their objectives, and what return and value we are getting for our money.

Another important bipartisan effort is our committee's continuing work to reauthorize the Paperwork Reduction Act. As in the last Congress, our committee has reported out legislation to reauthorize and improve the act. We are now waiting action by the full Senate, which we are sure will duplicate last year's unanimous vote in favor of the legislation. Our bill strengthens the Act's paperwork clearance requirements. It also gives new focus to the Act's information resources management [IRM] provisions. The IRM reforms are critically important and will help agencies address the information technology risks highlighted in GAO's new report.

One other area here deserves attention, that is comprehensive procurement reform legislation, the Federal Acquisition Streamlining Act [FASA] of 1994, which was passed due to the efforts of myself and several other Members on both sides of the aisle. it significantly streamlines the procurement process, saving time and taxpayer dollars, through the revision and consolidation of acquisition states to bring a dose of common sense and reality into our acquisition process.

I do believe that as these laws become more fully implemented, as well as integrated, we will have come a long way toward finally getting control of the creature we call ''government.'' These measures will, unlike any previous laws we have passed, improve the performance of Federal programs and allow us to use financial and budgetary information to better chart the course of Government expenditures.

But, as this GAO series shows, we are not there yet. In fact, we have quite a ways to go.

That is not to say there is not any good news the taxpayers can be thankful for. On the contrary, there is.

For example, according to GAO, 5 out of the 18 previously designated high risk areas have made enough progress as a result of this concentrated effort to be taken off the list. The Bank Insurance Fund, for instance, went from being in the red, that is from having a negative fund balance to a $17.5 billion surplus since the last report. The dramatic turnaround was caused by the combination of an improving economy, legislative actions, and agency and industry reforms.

Congressional actions also played a key role in reducing the risks posed by the Resolution Trust Corporation

[RTC] and the Pension Benefit Guaranty Corporation [PBGC], thereby enabling those agencies to be removed from the high-risk program.

There is still a bit of more good news from which taxpayers can take some justifiable relief. According to GAO's report, 10 of the 13 areas that remain on its high-risk list have meaningful improvement initiatives underway. Because so many of these initiatives are in the earliest stages of implementation and will require continued commitment and resolve to see them through, it is premature to declare any victories. But there is some hope: The high-risk program experience clearly shows that focusing on high-risk problems prompts long-needed improvement actions.

And hope will be needed because, notwithstanding the improvements cited and areas removed, GAO'S high-risk list has grown. In its new series, GAO has categorized its 20 current high-risk areas into 6 broad categories that represent the Government's most critical problems.

These categories cover almost all of the Government's $1.25 trillion revenue collection efforts and hundreds of billions of dollars in expenditures. They represent areas where the Government is carelessly and needlessly losing billions of dollars and missing huge opportunities to achieve its objectives at less cost and with better service delivery.

Let us take a look at them.

First, accountability and cost-effective management is not provided for in Department of Defense [DOD] programs. DOD spending for 1995 is estimated at $270 billion, 18 percent of the total Federal budget and about half of all discretionary funds. Yet DOD cannot accurately account for how it spends its funds or for the $1 trillion in assets it has worldwide.

GAO cites four areas particularly vulnerable: financial management systems, practices, and procedures; contract management; the weapons systems acquisition process, and inventory management. Because these areas are so broad and the weaknesses so pervasive, DOD's entire budget can be considered at-risk. Some egregious examples of Defense problems include:

Vendors who have been paid $29 billion in disbursements that cannot be matched against purchase invoices to determine if these payments were proper.

A former Navy officer received $3 million in fraudulent payments for over 100 false invoice claims, and approximately $8 million in Army payroll payments were made to unauthorized persons, including 6 ghost soldiers and 76 deserters.

Contractors themselves—not DOD—detected and returned to the Pentagon $957 million in overpayments during fiscal year 1994 alone.

DOD, with $80 billion a year at stake, has not yet solved pervasive problems in its weapons systems acquisition process, including unreliable cost data, unrealistic schedule estimates, and unaffordable program plans.

DOD, even after disposing of $43 billion in unneeded inventory over the past 3 years, still holds unnecessary items valued at $36 billion, or 47 percent of its current inventory.

Second, revenue owed to the Government is not collected and accounted for.

The Internal Revenue Service [IRS] and the Customs Service [USCS] currently collect $1.25 trillion annually, but neither agency can say how much more is owed to the Government and ought to be collected. The inability to adequately estimate what is due the Government could be costing the Government billions of dollars.

A 1992 IRS estimate put unreported taxes—the so-called tax gap—at $127 billion; however, IRS admits that this estimate was not based on current, complete data. In addition, both IRS and Customs remain unable to accurately account for amounts that have been collected. GAO considers four revenue collection areas to be high-risk: IRS financial management; IRS tax receivables; IRS filing fraud, and Customs Service financial management. Examples of revenue collection problems include:

Over $90 billion of transactions were not posted to taxpayer accounts.

Delinquent taxes receivable nearly doubled from $87 billion to $156 billion between 1990 and 1994, while annual collections of delinquent taxes declined from $25.5 billion to $23.5 billion.

During the first 6 months of 1994, IRS identified nearly 35,000 fraudulent paper returns and 24,000 fraudulent electronic returns—increases of 151 percent and 51 percent, respectively, over the same period 1 year before. While IRS admits to losing tens of millions of dollars to detected fraud schemes, some estimates indicate undetected fraud could be costing the Government billions of dollars.

Serious problems remain in the seized asset program at the Customs Service, placing tons of illegal drugs and millions of dollars in cash and other property vulnerable to theft and misappropriation. In just one case, thieves broke into a Customs facility and stole 356 pounds of cocaine.

The Customs Service has not implemented the controls, systems, and processes to ensure that carriers, importers, and their agents comply with trade laws, or that important trade statistics are reliable.

Third, multibillion-dollar investments in information technology do not provide an adequate return.

The Government has spent more than $200 billion on information management systems during the last 12 years. Yet, successful automation projects are the exception rather than the rule. As a result, critical financial, program, and management information systems remain largely incompatible, costly to operate and maintain, and woefully inadequate in meeting current users' needs.

GAO has chosen four multibillion dollar information technology initiatives—there are evidently other projects with similar difficulties available to chose from—to add to its high-risk list because these particular ones have experienced past failures, involve complex technology, or are critical to agencies' missions. These projects do not just have financial implications. Rather, they impact the very health and safety of all Americans—the air traffic control system and the national weather system, for example.

The $36 billion air traffic control modernization project has been plagued by failures and critical components have had to be canceled, replaced, and/or restructured.

After spending $2.5 billion of its estimated $8 billion cost, IRS' tax system modernization [TSM] initiative still doesn't have the necessary business and technical foundation to achieve the systems' goals and objectives. To persuade IRS of the need to develop an overall plan for the modernization, Congress reduced IRS' fiscal year 1995 budget request by $339 million.

DOD is spending some $3 billion annually on its corporate information management [CIM] initiative even though it has yet to examine the business processes being automated for reengineering opportunities.

The National Weather Service modernization project has more than doubled in cost to $4 billion and its completion is estimated to be 4 years behind schedule.

Fourth, Medicare claims fraud and abuse is widespread.

Last year the Government spent over $440 million a day, or $162 billion, on Medicare. Only the costs for DOD, Social Security, and interest on the debt are higher. And it is estimated that Medicare spending will more than double by the year 2003 to more than $389 billion.

While no one, including GAO, has been able to quantify exactly how much of Medicare spending is attributable to fraud and abuse, health care experts have estimated that 10 percent of national health spending is lost to such practices. Even if the number were lower—say 8 or 6 percent—when applied to $162 billion, that amount is devastating. And it will become even more devastating as the program grows. The Health Care Financing Administration [HCFA] is aware that health care scams and abusive practices plague Medicare, but the exploitation continues. For example:

Medicare has been charged rates as high as $600 per hour for speech and occupational therapy, though therapists' salaries range from under $20 to $32 per hour.

One shell company, which existed solely for the purpose of billing—and bilking—Medicare, added about $135,000 in administrative costs to the cost of therapy services in 1 year.

Medicare has paid health maintenance organizations [HMO's] from 6 to 28 percent more than it would have spent had those same beneficiaries remained in the fee-for-service sector.

A national psychiatric hospital chain, charged with fraudulently increasing its reimbursements, in 1994 paid over $300 million in the largest settlement to the Federal Government for health care fraud.

Fifth, loan program losses are too high.

The Federal Government has become the Nation's largest source of credit. It obligated almost $23 billion in new direct loans and guaranteed $204 billion in new non-Federal lending last year. Now, whether you agree with the Government's role as a banker or not, you have to agree that the Government is not doing a good job of minimizing its losses on its loan and guarantees.

The Office of Management and Budget [OMB] has estimated that of the $241 billion owed the Government for direct loans and claims paid on defaulted guaranteed loans, $50 billion is delinquent and at risk of loss. GAO's high risk program concentrates on three lending programs:

Farm loan programs have become a continuous source of credit for many borrowers and have had a high rate of loan defaults, resulting in the loss of over $6 billion of taxpayers' money from 1991 through 1994. In addition, its outstanding loan portfolio still contains nearly $5 billion in delinquent debt.

Student financial aid programs have been successful in providing money for postsecondary education but have been costly, nearly $25 billion in losses in the guaranteed student loan program alone with $2.4 billion in losses just last year.

The Department of Housing and Urban Development [HUD], which ensures some $400 billion in housing loans, guarantees more than $400 billion in outstanding securities, and spends $25 billion a year on housing programs, is at risk because of fundamental management weaknesses.

Sixth. The management of Federal contracts at civilian agencies needs improvement.

Civilian agencies spend tens of billions of dollars per year on contracts, yet they often don't get what they pay for or they reimburse contractors for unallowable or unreasonable costs. According to GAO, at the heart of contracting problems, there is a lack of senior-level management attention. GAO has focused on three contracting areas:

The Department of Energy [DOE] spends about $15 billion annually through management and operating contracts but has failed to protect the Government's interests. DOE did not require its contractors to prepare auditble financial statements nor did it audit, every 5 years as is required, the net expenditures reports contractors did prepare.

The National Aeronautics and Space Administration [NASA] spends about $12 billion to $13 billion each year—90 percent of its funding—on contracts, but with poor oversight. In addition, NASA has traditionally assumed virtually all risks related to contract costs and results. This has led to frequent funding increases, schedule delays, and performance problems on many of NASA's large space projects.

Contract management problems in the multibillion-dollar Environmental Protection Agency [EPA] Superfund hazardous waste cleanup program have provided contractors too little incentive to control costs. A recent review of three contractors showed that all three billed the Government for entertainment, tickets for sporting events, or alcoholic beverage costs that were not allowable. But contractors are probably not too worried about what they bill. As of August 1994, there were 528 unfilled requests for audits of Superfund contractor costs.

These are just the highlights of GAO's new high-risk list. They show what we're up against if we are to achieve real and measurable progress in the battle against Government waste and mismanagement. While this series indicates that with a concerted and committed effort it is possible to correct and rectify program weaknesses—putting less taxpayer dollars at risk—it also reveals what happens when systems are deficient or administrators are less than vigilant, or both.

Only with a continuing and persistent effort can we in Congress, working with the administration and GAO, attack these problems, one by one, case by case. If we are ever to restore people's faith in Government—and its overall credibility—it has to be done, and done quickly. As I have in the past, I will pledge my best efforts with the eventual hope that, one day, there will be no high-risk list at all. I urge my colleagues to work together to accomplish this goal.●

## THE CONGRESSIONAL PENSION EQUITY ACT

● Mr. McCONNELL. Mr. President, I am pleased to become a cosponsor of S. 228, the Congressional Pension Equity Act. I commend Senator BRYAN for his leadership on this issue and I look forward to working with him to reform our pension system and bring it in line with all other Federal civilian pensions.

Like pensions in the private sector, the pension a member of Congress receives is based upon length of service and rate of pay. So, naturally a senior member, or staffer, earns a bigger pension than an individual with just a few years of service. But, under the current system members and staff receive substantially more generous pensions than other Federal employees. This bill will rectify that situation and bring parity between the legislative branch and the executive branch. Those who serve in Congress should be treated the same as other Federal employees.

For those who claim that people come to Congress and serve too long, this fix should end the careerism charge. Overly generous pensions will no longer entice people to stay in their congressional jobs. Congressional service will be no more desirable than other Federal service, and members and staff will not be deterred from rotating out of Congress.

This bill makes three important changes to congressional pensions. First, it places a cap on retirement benefits. Now, retired members can wind up receiving pensions that are bigger than the salaries they made while in Congress. The bill will ensure that pension benefits do not exceed the highest salary earned while in Congress. Second, it establishes a uniform rate of accrual for all Federal employees, so that congressional employees earn their pension benefits at the same rate as all other Federal employees. And, finally it adjusts the contribution rate for congressional employees to conform to the rate paid by all other employees. Currently, members and staff pay a slightly higher contribution for a much more generous benefit. This bill will require congressional and executive branch employees, including Members of Congress, to pay the same for the same benefit.

Congressional retirement benefits are not an entitlement. We are in the midst of streamlining and cutting back the scope of the Federal Government. We are trying to make the Federal Government more efficient and effective. That's what the American people want and what they deserve. Well, one place to begin is with congressional pensions. This bill represents that effort. I look forward to early consideration of this bill by the Government Affairs Committee and its swift passage by the Senate.●

## TRIBUTE TO THE CONCERNED CITIZENS OF BAYONNE

● Mr. LAUTENBERG. Mr. President, I rise today to recognize and pay tribute to the Concerned Citizens of Bayonne [CCB] on the organization's 25th anniversary. I also want to call special attention to the contributions that Mr. Frank Perrucci has made to the organization and the community.

In 1970, Frank and Jean Perrucci, Vinnie Perrucci, Joseph Brache, Sal Covella, Penny Covella, Pete Capitano, John Baccarella, Jean McMahon, and Nicholas Mangelli met at Frank and Jean's home in Bayonne. It was here that they agreed unanimously to form the Concerned Citizens of Bayonne, so that citizens could participate in decisions which affect Bayonne, Hudson County, and New Jersey.

No time was wasted. They immediately became involved in the upgrading of the jury system, led the opposition to the taxation of Social Security