EXTENSIONS OF REMARKS

SPECIAL ORDER OF MR. SCHAFFER, OMITTED FROM THE CONGRESSIONAL RECORD OF TUESDAY, NOVEMBER 9, 1999

FINDING ONE CENT ON THE DOLLAR WORTH OF SAVINGS IN FEDERAL GOVERNMENT SPENDING

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from Colorado (Mr. SCHAFFER) is recognized for 60 minutes as the designee of the majority leader.

Mr. SCHAFFER. Mr. Speaker, tonight I want to spend this special order hour talking about two primary topics, one closely related to the second. That first topic is trying to eliminate waste, fraud, and abuse in the Federal Government and in Federal spending.

I want to start out, Mr. Speaker, by alerting Members to a brief history lesson on where congressional overspending has gone over the last 30 years. In fact, going back to 1970, Members can see the line below the baseline here is the amount of money that the Congress has spent, money that it did not have. This is deficit quantity spending.

Back in 1970, we began a dangerous habit and trend going down here in 1976. Here we were at almost $100 billion in deficits. We continued to drop and drop, spending more and more without regard to the cash that was on hand for the Federal government. We can see here in 1982 and 1986 the height of Democrat control of Congress was when we were on a virtually spending spree here in Washington.

Then when deficits got at about their worst, down in this area, that is about the point in time that the American people changed their mind. This is when the Republican revolution took place. Americans were fed up with a Congress that year after year after year, from 1970 right on up to the 1992–1993 fiscal years, had spent more money than it had on hand, in fact, borrowing from my children and the children of every other American in order to appease the spending appetite and habits of Washington.

That ended at about this point here. We can see the line beginning to go up when a new idea, a new party was put in charge with majority status in Congress. Members can see when we took over that the deficit spending began to ease, that we began to start moving toward a goal of spending the dollars that we actually had on hand to run the legitimate purposes of the Federal government.

Back there in 1994 when Republicans took over the Congress, they promised in a great Contract with America that we would balance the budget by the year 2002. Well, we underpromised and overdelivered, because right here in 1998 was the first year in 30 years that the expenditures came above the line here of our baseline spending. In other words, we began to start saving money.

This little purple section here represents a cash surplus that we began to accumulate here in Washington, D.C. It is this surplus that has allowed us to do a number of things. One, it has allowed us to stop borrowing the money. I would remind my colleagues, when we start borrowing money, spending more money than the Congress actually has to spend, we borrow it from somewhere, and the fund of preference for many, many years has been the social security system.

In fact, this Congress and the White House has raided the social security trust fund, the social security system, to the tune of about $638 billion over a little bit shorter of a time frame. This goes back to 1984.

Once again, we can take a look at where we were when we came here, and President Clinton continued, and this was the year of the tax increase, and the year that the Congress spent quite a lot of money, at the President's insistence.

Again, in 1998, this Congress got serious about stopping the raid on social security. Members can see the dramatic decrease. This is not the final column of the graph here, this is an actual decrease in the propensity of Congress to borrow from the social security system. This is an effort to stop the raid on social security. Members can see that that does end right here, this year, in 1999, the first year we stopped raiding the social security system in order to pay for government.

That is a trend we want to see continue. In fact, we want to see this line continue to go down further and build greater surpluses, including the social security fund. In order to accomplish that, we have to exercise some fiscal discipline right now, this year, in Congress. That is the debate that is taking place presently between the White House and the Congress.

Here is one of the suggestions we came up with as a Republican majority to avoid raiding social security, as the President has proposed to do. We have proposed that of the increase in spending that we have budgeted for this year, that we just tighten our belt a little bit. For every dollar in Federal spending, we are asking the Federal government to come up, the Federal bureaucrats and the Federal agencies, to come up with one cent in savings, in efficiency savings, in order to help rescue the social security fund and to stop borrowing from the social security system.

We want to stop that raid. We think that out of every dollar that is spent in Washington, we can find that one cent in savings and continue to run the legitimate programs and the legitimate services that are needed and necessary under our Federal system, and do it in a way that allows us to save social security at the same time. That is what that one penny on the dollar represents.

When we suggested this idea, folks over at the White House almost had a heart attack. They said, one penny on the dollar? We cannot possibly come up with one penny on the dollar in savings, because that would cripple the Federal government, finding this one cent in savings.

Therein, Mr. Speaker, lies the difference between the Republican majority in Washington and the liberal Democrat leadership that we find down at the White House. We believe that the government can do what every American family does every day, work a little harder to find that one cent savings, to just simply start realizing that we can be more efficient and more effective with a whole assortment of Federal programs to find that one cent.

Again, it was a little frustrating but not surprising here in Washington to hear the various Cabinet secretaries say, we cannot find that one penny on the dollar. All of the Federal departments are so efficient, so lean, so effective, so accountable with their dollars that we cannot possibly find the savings necessary to save social security.

So we, as Members of Congress, decided that we would take it upon ourselves to help. That is the point of today's special order. I appreciate Members going through that brief history with me about how it is we came to the position we are in. It is a very relevant and important position to consider, because at this very moment the impasse in passing a budget hinges on the difference of opinion between this Congress and that White House to find that one penny, and do it in a way that honors and respects not only the taxpayers of America but the children of America, who rely on a sound and credibly run government, and certainly the seniors, the current retirees who rely on social security.

There are a number of great examples. One of our colleagues who I have been told was planning on joining us here issued a report out of his committee, and that report lists, assuming I can put my fingers on it, lists just agency by agency the savings that can be found.

Here are some good examples. Here is the gentleman from California (Mr. HORN) who has arrived. In his report he

suggested that we could find savings in the Department of Agriculture. He cited examples in the Department of Defense.

The Department of Defense spent nearly $40 billion on programs for 15 overseas telecommunications systems that cannot be fully used because the Department failed to obtain proper certifications and approvals from the host nations. That is according to a 1999 Inspector General report.

We found savings in the Department of Education, $3.3 in loan guarantees for defaulted student loans, according to one General Accounting Office audit. There is more. We will talk about more of that today. He found savings in the Energy Department, in the Health and Human Services Department administration, and so on and so forth.

It is not hard to find savings, to find that one penny, if you are devoted to rolling up your sleeves and doing the hard work of finding the money. It is an important proposition, I suggest, for this Congress and for the White House. Rather than fighting over the relative merit of saving one penny out of a dollar to save social security, we ought to be joining in partnership and rolling up our sleeves together and getting down in the trenches at the Department of Education, in the Department of Defense, over at the Department of Energy, over in health and human services, and working together cooperatively to find all the efficiencies and savings that we possibly can to build a credible government for the future security of our children and for our Nation.

Mr. Speaker, I yield to the gentleman from California (Mr. HORN), who has led the House through this investigation of where these funds may be found and pointed not only me but other colleagues in the direction that we ought to look in order to find some of these savings.

Mr. HORN. Mr. Speaker, I thank the gentleman for yielding to me.

We have a lot of work to do, and a lot of work has been done by Appropriations subcommittees, authorization committees, and the group which I chair is the Subcommittee on Government Management, Information, and Technology, which has jurisdiction across the executive branch. That responsibility includes ''the overall economy, efficiency and management of government operations and activities, including Federal procurement.'' [Rule X, clause 1(g)(6).]

Let me provide some background on this, because a lot of people do not know it. Twenty years ago Congress established Inspectors General in every cabinet department and independent agency. In 1993, Republicans and Democrats worked on a bipartisan basis. All of these laws I am about to mention are bipartisan. Both parties worked together. Congress sought good management. Despite those attempts, the executive branch does not really have good management.

We had the Results and Performance Act in 1994 and we said, ''look, we have to start measuring these programs. We sought to find what kind of results were these agencies having? Are they accomplishing the goals Congress established when we authorized the program, not to mention the appropriations which Congress annually provides.''

We also had a look at not only how they do their programs, but also could they give us a balance sheet. And we said to the executive branch that they have five years before they have to give us that balance sheet. Well, the fifth year was up in 1998, and what we see here [shows chart] is the analysis we gave of the various balance sheets. In 1999, we thought the executive branch was a pretty sad situation. It is still pretty sad.

There were only two agencies of the 24 major agencies and departments that could give us a decent balance sheet. The first was NASA, the National Aeronautics and Space Administration. Dr. Daniel Goldin is an outstanding administrator and a great visionary. That is a rare combination. The President has cut his budget several times, but despite that he gets first-rate people and they met all the targets that we had put out there.

Next best was the National Science Foundation. Those were the two A's. Now we got to the B's, three B's: General Services Administration. That was recommended by the Hoover Commission under President Truman to consolidate all purchases of the executive branch to get various economies. Next, B-minus, was the Labor Department. They had two yeses on the three categories.

Let me say what the categories were. Was the financial information reliable? Yes or no? They either made it or they did not make it, and that was a judgment of auditors from the General Accounting Office [GAO]. The GAO is a major asset to Congress. Under the Harding administration, Congress recognized that there was a need to focus on management and accountability. In the Budget and Accounting Act of 1922, Congress put all the auditors accountants together in what is known as the General Accounting Office, That office is part of the legislative branch. It provide us with the tools to conduct oversight not just in accounting, but with the Reorganization Act of 1946, Congress also gave programmatic review authority.

However, as long as Speaker Rayburn was alive and Clarence Cannon was head of the House Committee on Appropriations, they refused to let the General Accounting Office do anything in terms of program measurement review. ''Just stick to accounting,'' they said. Reality is that we need both. Thus, when we looked at the balance sheets from the departments and agencies, we examined then by asking a few basic questions. The first question was: ''Did the agency have a qualified opinion or not?''

The second question was effective internal controls, ''Did the agency have them or not? Their Inspector Generals, which was the group I mentioned that started 20 years ago, do excellent work in noting what kind of things go wrong within a particular agency.

The third question was ''Are they in compliance with the laws and regulations''? That would mean the laws of Congress, the executive orders of the President, and the regulations issued by the agency head. The answer is either yes or no. As I say, only two agencies met the three ''yes'' tests: NASA and the NSF. We are now in the B-minuses, they had two yeses, and that was GSA, Labor and the Social Security Administration. In the 1960s when I was on the Senate staff, most of us would say that the Social Security Administration was the best run administration in Washington, regardless which party is in power in the presidency. In brief Social Security gets the work done with about 43 million checks a month here and 50 million there.

Now, the C's start with the Department of Energy. They had a qualified accounting opinion. They did not have effective internal controls and they did have some compliance with the laws.

Next is FEMA, the Federal Emergency Management Agency has been a very well run agency with James Lee Witt as Director. Most of the old timers here have said that Witt is the first person that ever knew what he was doing over there. Mr. Witt came from Arkansas with the current administration. I think most Members that have dealt with him know that he is right there on the spot and he and his staff want to be helpful.

But on this point, accounting, can they give us a balance sheet? FEMA had one yes, two noes with the three criteria I mentioned.

Next is the D-plus range. That includes Housing and Urban Development and the Nuclear Regulatory Commission. Health and Human Services, is also in the D-minus range. There is also a D-minus for the Treasury. The Agency for International Development and the Department of Veterans Affairs are next.

Mr. HOEKSTRA. Mr. Speaker, would the gentleman yield? Could the gentleman just repeat what the Treasury Department got?

Mr. HORN. The Treasury, I am just getting to it.

Mr. HOEKSTRA. The gentleman went by it rather quickly and it was just like this is the agency that is kind of the watchdog agency for how all the other agencies spend their money and they got a——

Mr. HORN. Mr. Speaker, the gentleman is right on that, and we can get into that because we have had numerous hearings on the Financial Management Service, a key agency that services other agency such as the Social Security Administration. But in terms of where Treasury was on this balance sheet, they received a qualified opinion. They did not meet any of our three

criteria. Thus, the Treasury has a D-minus. So was the Veterans Administration.

And then we get to the F, the dunce cap category, which starts with the Agency for International Development, Agriculture, the Department of Defense, Justice, and the Office of Personnel Management

Now, their balance sheets probably came in later, but they did not meet the statutory limit that was set back in 1994. At that time I was on the Committee on Government Operations [now Government Reform]. We knew that there would be two agencies that would never make it. One was the Department of Defense and the other was the Internal Revenue Service.

Well, Mr. Speaker, we were surprised that the Internal Revenue Service did make it and they are an agency within Treasury. But Treasury has a lot of other problems. Hopefully, they are coming out of that now.

This chart provides an overview based on that particular law. Congress has passed the so-called Cohen-Clinger Act, which was designed to liberalize the purchasing of Federal goods and services. And we also have the statute requiring the chief financial officer. That officer is to report directly to the head of the agency.

We also required a chief information officer to be responsible for all computing and communications together under one person who would report directly to the Cabinet Secretary or the operating Deputy Secretary of the department.

We voted for these laws because we felt that they would result in better management. These actions are somewhat like the city manager movement that started in the 1920s. The cities were a mess in this country. A political mayor would get into office and he put all of his relatives on the city payrolls. In Cincinnati, Ohio, the city manager movement started. Non-political professionals were hired to do the job. As was said ''Garbage is not Republican or Democratic, we just have to get the garbage off the streets and out of people's backyards.''

This is the approach that we have taken. I run a very bipartisan subcommittee. The ranking Democrats since 1995 have been very cooperative and helpful in working on these management improvements. Congress can enact them, but the executive branch still limps along and does not face up to a lot of these management issues.

An example, this was a Hoover Commission recommendation during the Truman administration. It was a good one, every department should have an Assistant Secretary for Management. That person would be a professional. We agree with that. So when we passed two more laws that required agencies to establish a chief financial officer and, later, a chief information officer, guess what some of the agencies did. They just added the two to an already overloaded Assistant Secretary for Management. That is nonsense. That was not what Congress intended.

Mr. Speaker, in Washington, we need people who are willing to work in this town about 12 hour days and 6 to 7 days a week when they are an executive whether a political appointee or a senior civil servant. Those are the same hours we work on Capitol Hill. It takes that energy to get the job done, and the executive branch does not get the work done because the responsibility has been put under one person who cannot do one job well, let alone have two or three major jobs. That formula is made for failure. That is why the Treasury has had problems.

Mr. SCHAFFER. Mr. Speaker, will the gentleman yield? The gentleman mentioned earlier that one of the key components and one of the newer components is the performance audit mechanism that we have in place now. This is not just a matter of auditing funds for the financial management and cash flow management of these various funds. We are also now looking through the Inspector General at the actual performance of agencies. How these individuals measure up when compared to the expectations of the country and the directives that come down from the chief executive, the President in this case, and whether they comply by the law in order to execute the duties that are put to them.

This is an important provision as well, because it is Congress that establishes policy for the country, not the President. Congress passes the law. And these performance audits in my view seem to be a critical element not just in making sure that we manage the funds right, but that these programs are being run in a way that more closely approximates the objectives of this Congress and thereby the American people.

Mr. Speaker, I would yield to the gentleman on that performance component of these audits.

Mr. HORN. Mr. Speaker, the gentleman is absolutely correct. This is what I feel the most about, and I have had hearings on the Australian and New Zealand Governments. We have taken a team to look at what they have done. Those are two of the most reform governments in the world.

It is interesting. They copied Prime Minister Thatcher, a conservative who made changes in the United Kingdom's government. But these were both socialist governments in New Zealand and Australia. After their election, they looked around at the fiscal situation and said, ''Wait a minute, we do not know how good these programs are, and it looks as we project our expenditures down the line, we are going to be in deep deficits.'' That is exactly what we have been in in the United States.

Mr. Speaker, that was why in 1994, on a bipartisan basis, we put this performance and results law on the books. This is the tough one to do. Anybody can go out and develop a balance sheet if they have done their job right fiscally, but measurement creates a real problem. The only government in this country that has a decent measurement system is the State of Oregon. Minnesota is headed in that direction and so is South Carolina. We called them all in and said give us some advice on this.

As I said, we can use public opinion polls. We want to see that the clientele is getting satisfaction out of whatever program it is. One way would be polling. One way would be to also survey manpower retraining, to go out and find did these people really get a job? Are they still in a job 6 months later? How about 1 year later? Maybe we are not doing the job, even though we think we have some great programs and the people running it are well-meaning.

Mr. SCHAFFER. Mr. Speaker, if I could ask one more question, and that is let us take this down to the bottom line and that is from a partisan perspective this is frankly one of the criticisms Republicans get. That we bring charts and graphs to the floor of the House that deal with the accounting mechanisms and the detailed minutia of the finances of government and we talk about applying a business sense to government and these are important things and people believe that we care about this. But to the person on the street, they just want to know that these agencies are being run well.

This can be for some people kind of boring, and also for our own colleagues. They do not want to spend the time going through the detail and the monotony and the numbers of governing. But the reason we are so dedicated and committed to these kinds of audits and the professional management of a huge $1.6 trillion Federal Government is that this matters for real people.

Mr. Speaker, I am wondering if the gentleman could turn this to a discussion of why this matters. Who should care about the efficiency and effectiveness of our financial management, as well as the performance of all of these people running around Washington, D.C., with somebody else's money?

Mr. HORN. Well, number one the gentleman has just put his finger on it and that is the average taxpayer ought to care because they are paying taxes. We are appropriating them. First, we are authorizing them. The gentleman from Pennsylvania (Chairman GOODLING) is here. He has done a fine job in terms of education and the workplace. And we need to focus in. And frankly, we need the help, and not enough authorizing committees have taken a stand and really spent the time which must be spent.

This takes a lot of time. Our oversight subcommittee had 80 hearings in the last Congress. I think that is more than any full committee has had in Congress. That is because we try to dig into these things. Now, we have limited ourselves in staff. If we had kept the number of staff positions our friends, the Democrats, had for 40 years, we could have been able to do a lot more

of this work. But we live with what we have to live with. I think we have done a very good job.

The General Accounting Office has been first rate. I have outlined a series of hearings now that I want to do in the first 6 months of next year. I try to give GAO 6 months to put a team together which will go into the agencies and examine what is really going on. At the hearing I will hold, GAO will be my principal witness.

Mr. SCHAFFER. Mr. Speaker, I would like to point out in graphic detail the reason these kinds of financial considerations are so important. Why the business details of running government really matter. Because what we see in the purple below the baseline here is the Federal deficit for the 30 years that the Democrats were in control of this Congress. Year after year after year these folks did not pay attention to these details and what happened is they ended up spending far more money than the American taxpayer sent to Washington. It looks like a geographic chart of the bottom of the ocean.

Mr. HORN. We could say it is the bear looking into the glassy lake which acts as a mirror and seeing a mountain down there.

Mr. SCHAFFER. It sure is. And the proof that these kinds of details matter to real people starts here. This is as bad as it got and this is the year that the American people said enough is enough. We are sending new people to Washington. We are sending people to Washington who know how to run the government like a business. These principles are the ones that we began to apply here and we can see that there are a number of causes for this reduction in deficit spending up to the point where we are starting to accumulate surpluses.

But this is among them, because not only did we start talking about managing the taxpayers' money better through government management, we also talked about some of the policy decisions that we make, asking questions like, do we really need to spend all that money on all those programs? We found we can eliminate quite a few of them, and the American people do not miss them. They do not notice the difference.

We are now beginning to focus on a government that is more efficient that supports a more robust economy. That combination of a leaner, more effective, more legitimate governing structure in Washington, combined with a strong economy, is allowing this combination, this partnership of a Republican vision in Congress, plus the economic ingenuity of the American people, to really pull ourselves up out of this lake and move us into the path of prosperity where we can start talking now about saving Social Security in legitimate terms, providing world class education for our children, providing for a national defense that is second to none, and providing safety and security for all of our families.

Mr. HORN. Mr. Speaker, we really need to commend Congress, and that is what we are doing, but since the gentleman from Pennsylvania (Chairman GOODLING) is here, he has done a lot of it in education, that is, give flexibility to the people that have to implement these programs. Generally, in the case of education as well as a lot of others, one goes through the State system, the counties, and finally the school districts. If one does not give them flexibility, we are in trouble.

But one will find, every time we try to merge some of these programs and give the local people where the action is these particular dollars, one can then sort of figure out where one would like to use it. The first thing we hear is we cannot do that. I mean, they have a little niche they are protecting in the school district, and this is nonsense.

I think the most successful revenue scheme we ever had was revenue sharing. President Nixon was a big backer of that. Mel Laird had thought of it when he was a Member from Wisconsin. Wilbur Mills finally let it go when he wanted to run for President.

But what happened, for 10 years, we gave counties and cities a certain allotment based on population, whatever formula. They are in a position to know what their needs are. We are not, and neither are the executives sitting downtown a few blocks from us.

Under President Reagan, regretfully, and the Democratic Congress had always wanted to kill it, and the lobbyists wanted to kill it, but the fact is they regretfully gave in on it. They never should have. They should have vetoed the attempt to cut it off. Because then one has got city council members that are elected that know what the needs of that city are. That is a contribution we have made.

Now that we are putting more and more money in education, which nobody would have ever thought we would provide this much money to K through 12 education, and it just seems to me that we run into the same thing here that people yell and scream when one thing is merged with the other. Well, it should be. It should be the people at the grassroots, the superintendent, the advisors to the superintendent, the teachers.

I think when we passed last year in this House that one puts 100 percent, 95 percent, really, into the classroom, that is a real revolution in this town. It obviously scares the living daylights out of lobbyists and the Department of Education.

Mr. SCHAFFER. Mr. Speaker, this education shift that we have pushed for since taking over the Congress as a Republican Party is an encouraging one for governors and for State legislators and for school superintendents, school board members, principals, and so on. They like the idea that we are giving their dollars back to them, Federal dollars back to the State level, and giving them the flexibility and holding them accountable for the expenditures of those funds.

But just out of curiosity, because I want to ask one more question about the Department of Education as it relates to the chart, and it is an important question because the debate we have right now over education with the White House is about this question of flexibility. We want to give more flexibility in this budget to States to spend dollars on classrooms and the way Governors and legislators and superintendents, school board members, and so on see fit. The White House, on the other hand, wants to consolidate education authority here in Washington, D.C.

The gentleman from California (Mr. HORN) mentioned those people running around Washington, the bureaucrats who are in charge of these agencies who the President would entrust the greater proportion of decision making in education, what kind of grade did they get in the Department of Education when it came to the gentleman's audit?

Mr. HORN. Mr. Speaker, it is really an F, because all of this group failed to respond. It is ironic that agencies demand forms from everybody else. Yet, when Congress demands it, it needs to appropriate the money for the agency. My colleagues will remember, it was, did you have reliable information on the finance side? That was up to the auditors to advise us on that. Effective internal controls, the auditors, again, could write us an opinion on this and did. Or they just did not file. Compliance with laws and regulations, both our staff and GAO, do that primarily.

So what we have here is now just for fiscal year 1998. They have not closed and sent it to us for fiscal year 1999 because it has not closed yet. It will on September 30th. So we look forward next spring to examine the balance sheets and ask the authorizing committees and the subcommittees on appropriations to take a careful look and call in the people.

The discussion cannot be only at the staff level. Those discussions must be at the Member level. We are the ones at the grassroots, with all due respect to our staff and I have a first rate one. We are the ones that should be eyeball to eyeball across the table with our executive counterparts and say, ''Okay, let us take a look at it. How are you measuring these programs?''

Mr. SCHAFFER. Mr. Speaker, we learned just within the last few days that, on the 18th of November, next week, the Department of Education will be certifying their numbers or complying with the audit requirements for the Department of Education for 1998.

The report they are preparing to send up to Congress is one that suggests and says that the 1998 books in the Department of Education are not auditable. They are not auditable. This is an important graphic and picture to show that, for an agency that manages approximately $120 billion in assets, when we include the loan portfolio as well as the direct appropriation of $35 billion

annually, for an agency of that size to be unable to tell us how they spend their money is inexcusable.

Yet, that is the answer they will give on the 18th when they send that report up to the Congress and to the General Accounting Office, that the books at the Department of Education are not auditable.

The chairman from the Committee on Education and the Workforce is here for that point. Mr. Speaker, I yield to the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Speaker, this is why I wanted to stop the direct lending programs before it gets started, because who can imagine a department in Washington, D.C. and this Federal Government running the largest bank in the world. I mean, it was so obvious that they could not do that.

Of course what happened, as my colleagues know in committee, we had to bail them out last year. They could not even consolidate loans. They were behind $80,000. Young people leaving college, getting a car, getting a job, getting that home, consolidating their loans are very, very important.

What did we have to do? We had to say to the private sector, you will have to come in and bail them out. You know how to do it. That is what the whole debate is on right now. That is one of the reasons we are still here, because, of course, Mr. Speaker, in his comments yesterday, the President said that, in just one year, schools across America have actually hired over 29,000 new highly trained teachers thanks to our class size reduction initiative.

Well, I would like them to show us where they are. We are having so many conflicting reports. Some have said 21,000. Some have said 23,000. The greater city schools just put out a study, and they said that they got 3,500 teachers hired in the 40th largest district in the country, which is where most of these funds go is where most of the poverty is.

So our debate is not over whether one reduces class size or whether one does not. No, as a parent, as an educator, I know that is important. I did that as a superintendent 30 years ago, thanks to a school board that thought that that was important. That is not the debate at all.

The debate is over quality and flexibility, because we can get ourselves into some more of these debts. If, after we go through this exercise, we end up having this kind of report appear in the newspaper, this report yesterday in the Daily News, New York, ''Not Fit To Teach Your Kid; In some city schools, 50 percent of teachers are uncertified.''

Well, we know at least however many teachers they hired in this last year under this new program, we know that at least 10 percent were not certified. We have no idea how many are not qualified, but we know 10 percent are not certified.

Mr. HORN. Mr. Speaker, would the gentleman from Pennsylvania agree that the sadness of this administration, very frankly, is that they read too many public opinion polls, and they do not lead, and they do not provide leadership. That is part of the problem here? They mostly engage in public relations everyday. But what has happened? In other words, here they are criticizing our attempt to let the local people who know what the problems are to use the funds that the Federal Government is going to appropriate to them. Obviously, some funds can go for new teachers. Some funds can go for teacher professionalism and training. There is a dire need for computing capacity. That is certainly needed as we go into this digital world.

But in my State, we have thousands of illegal immigrant children. Where are we going to put them? What roof are we going to put over them. In the northeastern States, they do not have all the sunshine we do. They face a major problem. Will students have snow coming through the roofs that are not there?

So superintendents will say, ''Look, maybe I want a mix of this. I have to have that new elementary school. We have 5,000 children that are going to sign up for it.'' That is the kind of numbers we are talking in Long Beach, California and Los Angeles.

Mr. GOODLING. Mr. Speaker, which is exactly why our committee reported out in a bipartisan way, they passed the Teacher Empowerment Act, saying please do not just go out and hire teachers to reduce class size if you cannot find quality. Please do not go out and hire teachers if you do not have any space to put them in. Let the local district determine what is most important in order to raise the academic achievement of all children. That is what the debate should be about. The debate is not about class size. It is about flexibility. It is about quality.

The Secretary had a report today, and it was kind of interesting because he challenged us. He said, ask these people that got all these teachers to reduce class size what they think about it. They highlighted Jackson, Mississippi as one of them. So we called Jackson, Mississippi. The superintendent said, ''Oh, of course I am for class size reduction.'' She also said, ''I loved the money. I appreciated the money.'' But she said, ''If I had some flexibility, I rather would have used a larger portion of these funds for technology and professional development.'' Then she went on to say, ''All of this with the goal of improving student achievement.'' Now, this superintendent knows what is most important.

So we called a few more. We called Greencastle, Pennsylvania. They got $39,600. They are not going to hire too many teachers with that $39,600.

Mr. HORN. Mr. Speaker, they are lucky to get one.

Mr. GOODLING. Mr. Speaker, what did he say. He said he would purchase software programs to provide remedial math and reading assistance to students in early grades if he could have used that money in that manner.

Then we called the Erie school district. They got $796,000. They said they would have used it in three different areas. First of all, they have a program, after school hours direct assistance for students who call in who are having homework problems. They would have used some of it for that purpose. They would have purchased more advanced technology and software to help students improve their academic performance. They would have used it for teacher training, for their research-based education programs, particularly as it relates to incorporating standards into classroom curriculum and lesson plans.

Then we called West Allegheny, $44,900. They said they would have used it to create an integrated approach for curriculum instruction, focusing on early intervention programs. In essence, they would use the money to develop instructional approaches specifically targeted to at-risk young children helping those students make the critical transition from prekindergarten at the present to kindergarten to first grade.

Yes, we did just what the Secretary said. This is what they came back with. They said give us the flexibility. Yes, we like the money. Yes, we want to reduce class size. But there are so many important things.

Mr. HORN. Mr. Speaker, the model on this, as my colleagues know, is what the President wanted, and I supported him on that request and developed same language for the COPS program. The real problem is where is the second, third, and fourth year money to help, because it is very hard for that locality to provide it. So it is here again, and that is exactly what is going on here.

Mr. GOODLING. Mr. Speaker, when we talk about the appropriators appropriating $1.2 billion for this program, $1.2 billion gets 6,000 teachers. One says, well how come? Well, because, first of all, they have to pay for however many they got this year because they remain on that payroll. We do not know whether it is 5 years or 7 for everybody. From this year on, it is 7 years. So for the $1.2 billion, we only get the 6,000 teachers. Again, there are anywhere between 15,000 and 17,000 public school districts. There are more than 100,000 school buildings within those public school systems.

So my colleagues can see, when we talk about 100,000 teachers, there has got to be quality, and there has to be flexibility. That is what the argument is. It has nothing to do with class size.

Mr. HORN. Mr. Speaker, maybe Congress ought to pass a law that says cabinet officers of departments that have administrative problems should have had some administrative experience. The gentleman from Pennsylvania has had it. I have had it.

Mr. GOODLING. Mr. Speaker, that would be a good idea.

Mr. HORN. A number of this body have had that experience as a governor or mayor. We look downtown, they have never done anything, many of them. They are just there. Some are simply politicians without major administrative experience. And that is fine, I love politicians.

So let me just read my first and last sentence and what I sent to my colleagues, Democrat and Republican today, with my fine excellent staff digging up all this from General Accounting Office reports and inspector generals. I said, ''Last week, President Clinton vetoed a bill that called for a 1 percent cut in discretionary spending throughout the Federal Government, saying the loss would place too great a burden on American families.'' So I end this with, ''The President's concern about American families is best served by insisting that the departments and agencies under his command run their financial affairs in a responsible businesslike manner.''

Now, he is the chief executive of the government of the United States. Instead of taking trips every day, going almost everywhere, and still acting like he is running for an election, he ought to be really rolling up his sleeves, getting his people around the table, and saying, ''Look, folks, we only have about a year more, let us leave a legacy of which we can be proud of.'' That is what he should be doing. That is what an executive would do.

Mr. GOODLING. And I would like him also to remember back, because, Mr. Speaker, in his book Putting People First, during the 1992 campaign, the chapter on education says this, ''Grant expanded decision-making powers to the school level, empowering principals, teachers and parents with increased flexibility in educating our children.'' That is what he said back in his book as he ran for president in relationship to what a president should be bringing forth here in government.

Mr. SCHAFFER. Mr. Speaker, just to point out, I read that same report and managed to have that highlighted and blown up here for Members of the House to be reminded of the President's position back when he was candidate Clinton. But now as President Clinton his opinion is quite different.

Mr. GOODLING. I agree with that 100 percent. He also said as governor, when he was talking about flexibility and local control, and this is very interesting, ''There is a consensus emerging that we ought to focus on goals that measure performance rather than input. Instead of saying we ought to have small classes in the lower grades, we say, here is what children should know when they get out of grade school.'' That is the end of his quote, and I agree 100 percent with that also.

But that is different than what we are confronted with now. And, again, I cannot emphasize enough that the argument has nothing to do with class size. The argument has to do with flexibility and quality.

Mr. SCHAFFER. If I could point out, with respect to education, it is important to remember at this point in time in the debate between the Congress and the White House on this budget that there is no disagreement either fundamentally on the amount of money to be spent.

Mr. GOODLING. In fact, we propose more.

Mr. SCHAFFER. Our proposal is significantly more for education than what the White House had suggested. The debate, then, really does come down to this flexibility question.

Mr. GOODLING. And quality.

Mr. SCHAFFER. And we understand throughout the country that there are some districts where class size reduction is important, where they would like to use the money to hire more teachers. But that is not true in all districts throughout the country.

And what happens is when we tell districts whether they need the new teachers or not that they must hire them with the money, what happens is districts just spend the cash, because that is what the law says they must do. They spend the cash on anybody, whether they need that teacher or not.

And what happens is we end up with the headline, like the chairman is showing us right now, telling us that there are teachers in America now who are not fit to teach. And the reason is there is a huge pile of cash here in Washington, and the President sends it back to the States and says they cannot spend it on computers, if they want computers, and they cannot spend it on training if they need to do training, and they cannot spend it to fix the leaky roof, if the roof needs fixed; he says they must spend it on the teachers that he decides they must hire, whether they need them or not. And this is the headline we see when we spend money, the people's money, in such a reckless sort of way.

We are trying to turn these headlines around into positive headlines by putting principals and superintendents in charge of the money, because they are the ones who know the teachers' names, they are the ones who know the names of the students and the families, they are the ones who know what schools need. The President, I assure my colleagues, does not have a clue what schools in my State need, and I am doing everything I can, which is why we are here at 11 p.m. at night eastern time, fighting for our children, because we believe that these children really do matter and they deserve our help.

Mr. GOODLING. The tragedy here is that 25 percent of this 50 percent may be very, very capable individuals. And if they could take the money to properly prepare them, to teach the math and the science, to teach the reading, they could save them and they could have quality teachers in the classroom.

But that is not what we say. We say, here, take the money and reduce class size. And when I said, but California tried that and they got all messed up, the response was, well, they tried to do it too quickly. Well, this city did not try to do it too quickly. This is over years and years and years. And so all we need to do is give the kind of flexibility and then demand quality and demand accountability, and they will do well.

Mr. HORN. Well, I agree with the gentlemen, that is what we are trying to do to the executive branch in general of this Federal Government. It is sad, as I said earlier, that the President rules by polls instead of ruling by the instincts he had when he was governor and experienced these problems. They seem to have been forgotten.

In the early 1980s, I met the President. He was not the President then, he was a governor. And I met him because the business of the Higher Education Forum was trying to put its finger on what is wrong with the whole job situation in America, and part of, we said, must be the K–12 problem. And we asked the staff to go get two experts that would talk on this subject who are dealing with it. And we had governor Cane of New Jersey and Governor Clinton of Arkansas.

The membership of this was 40 of us were university presidents and 40 were CEOs from the top 100 American corporations. And the TRW CEO was the one that went to President Reagan and said, look, we have to face up to the K–12 situation, and the President was very supportive of that. But what we have here is we have spent, what, $2 billion more this year than anybody would have expected in education? We have done the same thing in the National Institutes of Health under the gentleman from Illinois (Mr. PORTER).

And I was particularly pleased, as a former university president, where the Pell Grants are, that we have upped the maximum every year, and this is the first time that has ever happened in Congress. The Democrats did not do it, the Republicans did. And I know how important those grants are if young people in financial need are going to get a decent education.

Now, one of the problems here is debt collection. The gentleman mentioned some of the accounting messes that are in the student loan program. The major bill I have put on the books since coming here was the debt collection bill. And when we did a test one time, we found out one person that was getting a Pell Grant classified as a millionaire on his income tax. And we could have a lot of little things like that that run one tape against the other and we can find it.

But what is needed is to have accountability, as the gentleman said. These are not grants, these are loans. I am all for grants, if we had the money, but we do not have the money and we have to revolve that money coming back from the loan.

Mr. GOODLING. And as the gentleman knows, when we reauthorized

the Higher Education Act, we specifically placed in the Department of Education someone who knows something about student loans and told him that he was not involved in policy; that he is involved in the business of making sure that that system runs properly, so that we do not have the foul-up we had last year when we had to bail them out in their direct lending program.

Mr. SCHAFFER. Well, the need to bail out the program under the Clinton administration is easy to understand when we just review the findings of the committee chaired by the gentleman from California (Mr. HORN). He found that in fiscal year 1997, the Federal Government spent more than $3.3 billion on loan guarantees for defaulted student loans, and that is according to the General Accounting Office audit.

In addition, the Department had overpaid 102,000 students Pell Grants, totaling $109 million. The audit also found that 1,200 students falsely claimed veterans' status to increase their eligibility to the program. That cost taxpayers almost $2 million.

So the necessity is very obvious here when it comes to managing these loan programs. And just squeezing that one penny out of the dollar in efficiency that we are looking for, we know where to find it, and we are on to a worthwhile strategy to try to accomplish that. But the Department of Education is probably the best place we could start looking, because, as I mentioned earlier, their financial books are not even auditable for 1998. And so that ought to send up a red flag and tell us that there is probably a little bit of waste, fraud, and abuse, just like the examples the chairman found, and we are going to go look for more.

Mr. HORN. Well, good luck. We will be right behind you.

Mr. SCHAFFER. Mr. Speaker, I would also like to add one more observation from a governor, the governor from California, Governor Gray Davis.

Now, Governor Gray Davis is not one who agrees with us on a day-to-day basis on a great many issues. He is a pretty classic Democrat, very liberal, and one who agrees typically with the President of the United States. But when he was on Meet the Press earlier this year, here is what he said about this notion of having the President tell him that he must spend his money, the State's money, on hiring new teachers. Here is what Governor Davis said from California.

''Secretary Riley,'' the Secretary of the Department of Education, ''was telling me about the $1.2 billion that was appropriated to reduce class size to 18 in the first three grades. Now, in California, this is one of the few areas where we're ahead in public education. We're already down to 20 per class size in K–4. So that money, which is supposed to be earmarked to an area where we've already pretty much achieved the goal, would best serve reducing class size in math and English in the 10th grade.''

But, of course, the Governor cannot spend the money on the tenth grade as he would like because the President will not let him.

The Governor goes on. ''So if Washington says to the states, you must improve student performance and we'll give you the money, that will give all the governors the flexibility to get the job done.''

Well, what the Governor pointed out in that last quote is the Republican plan. Our plan is to give the governors the flexibility. The Governor of California is at the other end of the country that way. He is about as far away from here as you can get. And the notion that the people here in Washington should tell the Governor way over there in California what is in the best interest of the Governor's students and his constituents is ludicrous.

Mr. HORN. Governor Davis is pursuing an excellent policy, the same that was started by Governor Wilson, his Republican predecessor. And let me tell you, it has made a difference, particularly in reading. It started in the lowest grade and it moved up one grade each year. Teachers are much happier, and I have seen them with glee as they have the opportunities and time, that is what counts, to work with young people.

Governor Wilson started that and that was a major breakthrough. And of course, it is State money, not Federal money, that basically supports American K–12 education.

Mr. SCHAFFER. Mr. Speaker, I would like to ask the chairman of the Committee on Education to comment if he would just on the politics of this education because I think many parents who are sitting at home and thinking about their children waking up in the morning and going to school, they might be packing tomorrow's lunch right now and preparing it for their children, tucking them into bed, and making sure that they are prepared to go to school in the morning, those parents who think about these issues, they do not believe this, they just cannot understand why there are people here in Washington who want to consolidate all the education authority here in Washington to put the people in charge who earn an F on a financial and performance audits and do so at the expense of the classroom teachers who we trust.

My colleague have been here a few years, a few more years than I have, and he as the chairman has been able to see inside the capital, the politics taking place, the lobbying taking place.

What kind of special interests drives such a bizarre agenda that would suggest that these people here in Washington know better than my child's teacher out in Colorado?

Mr. GOODLING. Mr. Speaker, one of the greatest problems I have always had since I have been here in Washington is that the people who lobby in Washington for different groups, they are totally out of touch with what is going on back in the local area.

We got this letter on the Straight A's from the National School Boards Association. Unbelievable. I wrote back and I said, you do not express what my school board members are saying back in my district. But it is consolidation of power in Washington. And that is the argument here.

The argument has nothing to do, as I said, with class size. It is flexibility and quality and not consolidating that power.

Mr. SCHAFFER. Mr. Speaker, the Straight A's bill, for those of our colleagues who may not remember the actual debate, the Straight A's bill is a Republican initiative designed to cut the strings and red tape for States so that States, in a grand scale, can begin to spend Federal education dollars on the programs that a governor or State legislature may choose.

Mr. GOODLING. Mr. Speaker, the greatest problem I had as a superintendent with Federal funds is that the auditor never came out to see whether you were accomplishing anything, whether children were improving at all, whether the academic standards were going up, or anything else. They only came out to see did the pennies go exactly where they in Washington said the pennies should go.

So you would get all these little programs. You could not consolidate any of them. You could not commingle any of the funds. If you did, you were in real trouble. So you had all these little programs doing nothing, when you knew and your teachers knew and the parents knew that if you could consolidate some of those programs, you could really improve the academic achievement of children. You could not do it because that is not what the auditors were interested in.

Mr. HORN. Well, would my colleague not say one of the problems is also the Washington professional staffs of some of these lobbies? In other words, if they can raise cane with their grass roots dues payers, they will have a job next year and they will have a bigger staff next year?

That is part of the problem. They do not want to admit that we know something because we are in the grass roots. We walk in schools. Most of them do not go out and walk into schools and see what is happening.

Mr. SCHAFFER. Mr. Speaker, those organizations are well represented here in Washington. There are hundreds, if not thousands, of lobbyists representing these organizations that are for the bureaucratic structure. They represent various vestiges of this grand education bureaucracy.

And my colleague is absolutely right. The three of us here are a legitimate threat to those bureaucrats. We want to help them find a new line of work. We would prefer to see our teachers back home, our principals, and our superintendents have more authority to help educate our children. And we care about that.

These lobbyists roaming the halls right outside the doors here and over in the committee meetings, they harass you as you walk down the hallway trying to get you to keep all this authority and power in Washington so that they can manipulate it and they can derive their power from these rules and regulations.

Well, the children really do not have lobbyists around here. All they have are us. I am proud to take up that challenge. I am proud to represent children in American schools today who deserve a good quality, first rate education. They deserve teachers who are not constrained by the rules of Washington but are able to have the full liberty to teach and where children have the freedom to learn.

I have got four of these children myself. They are getting ready for bed right now out in Colorado, where it is 9:18; and they will be getting up shortly and heading off to school in a public school tomorrow. And I want those teachers to have the greatest amount of academic liberty. I do not want these people running around the hallways here to decide what is in the best interest of my children.

That is what the Straight A's bill represented. It was a bill to help local schools do better. Those who oppose the Straight A's, those who were in favor of the President's plan also to define how these monies will be spent are really not in favor of children. And that is the difference of opinion that we are proud to stand on the side of children.

Mr. HORN. Mr. Speaker, children do not pay dues. That is what it gets down to.

Mr. Speaker, I include for the RECORD the following ''dear colleague'' letter:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC, November 9, 1999.

DEAR COLLEAGUE: Last week, President Clinton vetoed a bill that called for a 1 percent cut in discretionary spending throughout the Federal Government, saying the loss would place too great a burden on American families. The one-penny-on-the-dollar budget cut would not have affected entitlement programs, such as Social Security, Medicare or welfare programs. Meanwhile, however, the ongoing financial waste in the Government far exceeds the proposed 1 percent cut. The following list is merely a sampling of the problems found within the departments and agencies of the executive branch, all of whom report to the President. Unless otherwise noted, examples were received in testimony before the Subcommittee on Government Management, Information, and Technology. Some of the waste in Cabinet departments and agencies are:

Agriculture—In FY 1997, the department erroneously issued about $1 billion in food stamp overpayments, amounting to approximately 5 percent of the entire food stamp program. (GAO Report)

Defense—The department spent nearly $40 billion on programs for 15 overseas telecommunications systems that cannot be fully used because the department failed to obtain proper certifications and approvals from the host nations, according to a 1999 inspector general audit. (DOD OIG Report)

In September 1997, the Defense Department's inventory contained $11 billion worth of unneeded equipment. (GAO Report)

Over the last three years, the Department of the Navy wrote off $3 billion of inventory lost in transit. (GAO Report)

During a five-year period, defense contractors voluntarily returned $4.6 billion in overpayments the department failed to detect. (GAO Report)

The Defense Department spent an estimated $54 million on newly developed indoor firing ranges that are not being used. (DOD OIG Report)

Education—In FY 1997, the Federal Government spent more than $3.3 billion in loan guarantees for defaulted student loans, according to a GAO audit. In addition, the department had over-paid 102,000 students Pell grants totaling $109 million. The audit also found that 1,200 students falsely claimed veteran status to increase their eligibility to the program, costing taxpayers $1.9 million. (GAO Report)

Energy—Between 1980 and 1996, the Department of Energy spent more than $10 billion for 31 systems acquisition projects that were terminated before completion. (GAO Report)

Health and Human Services—The Health Care Financing Administration erroneously spent $12.6 billion in overpayments to health care providers in its Medicare fee-for-service program during FY 1998 (the most recent available). HCFA has not yet assessed the potential problem in its $33 billion Medicare Managed Care program or $98 billion Medicaid program.

Housing and Urban Development—The department estimated that it spent $857 million in 1998 in erroneous rent subsidy payments in FY 1998, about 5 percent of the entire program budget. (HUD OIG Report)

A General Accounting Office report suggests HUD's FY 1999 budget request for $4.8 billion to renew and amend Section 8 tenant-based assisted housing contracts could have been reduced by $489 million.

Interior—The Bureau of Land Management spent an estimated $411 million on its Automated Land and Mineral Record System over a 15 year period, only to discover that the major software component, the Initial Operating Capability (IOC), failed to meet the bureau's business needs. The bureau decided not to deploy IOC and is now analyzing whether it can salvage any of the $67 million it spent on system software. (GAO Report)

Justice—The U.S. Marshals Service was unable to locate 2,775 pieces of property worth nearly $3.5 million, according to a 1997 inspector general audit. In addition, the agency's inventory contained nearly 5,070 items, valued at more than $4 million, that were unused. (DOJ OIG Report)

Labor—From 1995 to 1997, the department spend $1 billion on its Job Corps program, only to later discover that 76 percent of its graduates had been laid off, fired or quit their first jobs within 100 days of being hired. (DOL OIG Report)

Transportation—The Federal Aviation Administration spend $4 billion on an air traffic modernization program that didn't work, and was shut down before completion. The GAO remains concerned about the agency's poor accounting, and lack of control over assets and costs as the agency proceeds with its new $42 billion Air Traffic Modernization program.

Treasury—The IRS estimates it can collect only 11 percent of $222 billion in delinquent taxes owed the Government.

Veterans Affairs—An estimated $26.2 million a year in overpayments could be prevented if the Veterans Benefit Administration's policy (VBA) and procedures were revised and cases were properly processed, according to the department's inspector general. In 1995, the VBA waived $11.6 million in beneficiary debts owed to the VA, even though there was no evidence of records to support the actions. (GAO Report)

Federal Deposit Insurance Corporation—Currently, the States of California and Florida are holding as unclaimed property about $3.3 million that belongs to the FDIC or its receiverships. Similar problems were identified in 23 of the 24 states audited, for which no value was determined. (OIG Report)

Officer of Personnel Management—In the last three years, the agency's inspector general issued 128 reports, questioning $280.3 million in inappropriate charges to the Federal Employees Health Benefits Program. (OPM OIG Report)

Small Business Administration—The agency requested and received a FY 1997 appropriation that included $50 million more than it needed for its $7.8 billion loan guarantees for the general business loan program. (GAO Report)

Social Security Administration—During FY 1998, the department erroneously spent $3.3 billion in Supplemental Security Income overpayments. (GAO Report)

These examples illustrate the fact that every department and agency in the Federal Government can find savings if they are willing to tighten their belt and undergo greater management scrutiny and better use of taxpayer's funds. That has been my goal since arriving in Washington. It is a goal that I believe that we all share. The President's concern about American families is best served by insisting that the departments and agencies under his command run their financial affairs in a responsible, business-like manner.

Sincerely,

STEPHEN HORN,
Chairman, Subcommittee on Government Management, Information, and Technology.

HONORING THE TOP TEN BUSINESS PROFESSIONAL WOMEN OF THE YEAR

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 9, 1999

Mr. RADANOVICH. Mr. Speaker, I rise today to pay tribute to Robyn Black, Pilar De La Cruz, Jan Outlar-Edwards, Marvell French, Edna Garabedian, Valerie Rae Hannerman, Annette La Rue, Margaret Mims, Judy Sakaki, and Gloria Williams as the Top Ten Business Professional Women of the Year.

Robyn A. Black is a Legislative Advocate at Aaron Read & Associates. Robyn is a fourth generation family farmer and has spent much of her life working on behalf of California agriculture. She believes in helping others ''find their voice'' in order to advocate their beliefs and effect change. Her tenure as Chair of the State's Industrial Welfare Commission under Governor Wilson taught her ''that you need to stand by your decisions when you believe you have done your best.''

Pilar De La Cruz, RN, B.S.N. is Vice President, Ed Development/Human Resources at Community Medical Centers. Pilar is first, foremost, and proudly, a Registered Nurse, although she serves our community in many capacities. Pilar has been instrumental in founding the Jefferson Job Institute for Community Medical Centers, an entry-level job training program for low-income parents of school-age