

From the Permanent Select Committee on Intelligence for consideration of the House bill and the Senate amendment, and modifications committed to conference:

Messrs. GOSS, LEWIS of California, MCCOLLUM, CASTLE, BOEHLERT, BASS, GIBBONS, and LAHOOD, Mrs. WILSON, Mr. DIXON, Ms. PELOSI, and Messrs. BISHOP, SISISKY, CONDIT, ROEMER, and HASTINGS of Florida.

From the Committee on Armed Services for consideration of defense tactical intelligence and related activities:

Messrs. SPENCE, STUMP, and SKELTON.
There was no objection.

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. OSE). Under the Speaker's announced policy of January 6, 1999, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

EDUCATION IN AMERICA

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, for the next hour I will be joined by at least one other of our colleagues and perhaps others who are making their way to the floor to talk about the important issue of education in America, and specifically, the work that is being undertaken by the Republican majority in the Committee on Education and the Workforce.

It is the number one topic that voters tell us they care about, and with good reason. Education is essential and fundamental to the maintenance of our Republic. It is virtually impossible in a Nation that is devised on a philosophy where the people hold the power and loan that authority to politicians at election time to have a nation made up of an unwise electorate.

Of course, being educated liberally in the education of our history, of political philosophy, economics, science, math, and all the rest is absolutely essential in maintaining our presence in the world and on this planet as the world's freest democracy and the nation with the most economic opportunity in the world.

With that in mind, we have begun the process of looking at the United States Department of Education, an agency that spends and manages on the order of \$120 billion per year.

Now, about \$40 billion of that is annual appropriations, and that level of funding increases pretty dramatically every year, and has increased even more dramatically now that Republicans have taken over control of the

House, a fact which many friends, many of my Democrat friends on the other side of the aisle, cannot seem to come to grips with, and choose to ignore the reality of that.

Not all spending in the Department of Education is good, just because we support education. I say that because of the failure to achieve our ultimate goal in education funding. Our ultimate goal where education funding is concerned is to get dollars to the classroom, to get the money that the American people send to Washington and expect us to appropriate responsibly to the children who need it most. That is our goal. That is our mission.

Unfortunately, that does not happen to the extent we would like. I am sorry to say that the United States Department of Education, despite the best of intentions, despite the wonderful mission statement that is printed on their brochure and beneath their seal that Members will find just down the road here at the several Education Department office buildings and headquarters, wastes too much money on waste, fraud, and abuse. Money has been stolen right out from underneath the noses of the Department of Education budget managers.

I want to talk about some of those examples, because before we begin the process of trying to streamline the Federal government, trying to reorient ourselves and the way we spend money on children and the education process, we need to understand what the failures are at the Department of Education today.

As I mentioned, out of an agency that manages about \$120 billion a year, we see too much of it squandered. Again, about \$40 billion of it is appropriated annually through this Congress. The rest is managed through the loan portfolio, student loans that are managed by the United States Department of Education.

In total, it comes out to about \$120 billion, making this agency one of the largest financial institutions in the United States, and certainly one of the largest financial institutions in the world. With that much money, we should spend an inordinate amount of time, in my opinion, making sure those dollars are spent properly and correctly.

What really turned us on to this project was our efforts on the Subcommittee on Oversight and Investigations, under the leadership of the gentleman from Michigan (Mr. HOEKSTRA). Our efforts were focused on spending. We wanted to go back to the Department of Education and ask, what did they do with the money we appropriated last year?

On a number of indicators, it is unfortunate that we see the quality of education declining, borne out by the comparisons of our students in the United States in math and science.

Against students in math and science in 21 of our industrialized peers around the world, we rank near the bottom. Out of those 21 countries, we are number 19, 19. It is unacceptable.

So we ask, what are they doing with all the money? Why do we continue to rank lower and lower when compared to our international peers, yet we keep spending more and more in Washington on the Federal education bureaucracy? There seems to be some problem.

So we started looking at the money. We asked some fundamental questions about how the past dollars were spent. To our horror, we discovered that in 1998, the Department of Education could not tell us how they spent and how they managed their \$120 billion agency. They could not tell us.

See, the Congress requires every Federal agency to conduct audits of their financial activities and to rely those audits to the Congress, which we review and consider at the time when we appropriate more money. So various Federal agencies sent their audits back to the Congress.

Most Federal agencies did not do very well. Their books were not kept in a way that meets reasonable standards for accountability. But in the case of the Department of Education, it was worse than that, Mr. Speaker. In 1998, the United States Department of Education managed its books so poorly that it could not even audit the books.

When I say the word "managed," that is being generous. In reality, the Department of Education in 1998 mismanaged its books so severely that when the audit was required, the auditors, outside auditors in Ernst & Young, came back to the Congress and said, we cannot even do the audit, it is that bad. A \$120 billion agency cannot audit its books. The books were unauditably.

In 1999, things got slightly better. The Department was able to audit its books, which gave us a better idea of how it accounts for its money. It received the poorest grade possible on that financial audit. There were huge discrepancies on the order of hundreds of millions of dollars that were misplaced, that were put in the wrong accounts.

We found a grant-back account, as it is called, where the U.S. Department of Education sends a check to various vendors around the country and grant recipients, universities, mainly. At the Department they send not one check, often they send two checks. They have to set up an account to receive the second check back.

The receipt of that check is usually predicated on a conscientious university somewhere recognizing the error, recognizing that they received two identical checks for the same expenditure, and sending one back.

□ 1315

If they fail to do that, it could take years before the U.S. Department of

Education ever gets around to finding the error and recovering the money.

When we looked last at that grant back account, it had a balance of about \$750 million. Now, these are funds that the Department could not really tell us where they came from, they were not sure where they were supposed to be, and they were unclear as to the status of those funds at the time we were there and where they should be properly held. Since that investigation, the balance of that fund has been dropped down. But the Department, to this day, continues to crank out duplicate checks and duplicate payments. The Department does not have sufficient controls either to catch these errors.

What we have discovered is that system of poorly managed, of errant accounting creates an environment where waste, fraud and abuse are actually encouraged, not officially encouraged, but tacitly encouraged.

Let me give my colleagues an example that involves the State of South Dakota, and I see the gentleman from Michigan (Mr. HOEKSTRA), chairman of the Subcommittee on Oversight and Investigations, here as well as the gentleman from South Dakota (Mr. THUNE) who represents the two school districts that are in question.

It seems that some money called Impact Aid funds was supposed to be wired from the U.S. Department of Education to its intended recipients in South Dakota, two schools. But somewhere along the line, the security system was breached, and somebody rekeyed in the account codes of the schools in South Dakota, that effectively the Federal money, \$2 million worth, was wired, stolen, and diverted into private accounts.

Mr. HOEKSTRA. Mr. Speaker, will the gentleman yield?

Mr. SCHAFFER. I yield to the gentleman from Michigan to elaborate further on that story.

Mr. HOEKSTRA. Mr. Speaker, I mean, when we think about this process and we got involved in this issue, when the Department of Education failed its 1998 audit, which means the auditors came in and said the way that the numbers are reported in their financial statements, we have taken a look at their internal processes and procedures, and there is not a clear indication or there is not a high degree of confidence that the numbers that they are reporting accurately reflect what happened within the Department of Education. They did the same thing for 1999. They put some qualifications on it. The Department of Education made some progress.

The interesting thing in the 1999 audit, which bears directly on the Impact Aid that the gentleman just brought up is that, in the 1999 audit statement, which came out earlier in the year 2000, but it was as they were taking a look at how the Department

of Education was processing their checks and their payments in 1999, they said in the audit report that there is no integrity in the process; that individuals within the process had too much latitude and too many responsibilities so that perhaps the same person entering the data would have the opportunity to change the data and those types of things. It appears that may be exactly what happened in this case. But it was brought out in the 1999 audit.

So what we find is they failed the 1998 audit. They failed their 1999 audit. Specifically in the 1999 audit, they raise questions about the integrity of the way that Impact Aid funds are distributed. Then we end up with the gentleman from South Dakota (Mr. THUNE) here and a couple of school districts in his State not getting their Impact Aid funds. Why? Precisely the reason that was identified in the 1999 audit.

So even when these things are highlighted and specifically highlighted within the audit reports, the Department of Education has demonstrated an inability or a callousness to actually making the changes and responding to the auditors.

Mr. SCHAFFER. Mr. Speaker, we on the Republican side of the aisle are very, very serious about getting dollars to the classroom, and it does not always mean we have to spend more. What it does mean, though, is that we have to be smarter and wiser. We need to be more vigilant when it comes to streamlining the Department of Education so that we can be more efficient and squeeze more value out of every dollar that we spend.

Now, we care about this across the spectrum of the Republican majority because we care about children, and we want the hard-earned dollars of the American people going to the most important priority in our Nation. But it matters even more when one is the Congressman who represents the children who have been defrauded in the case that we just mentioned of \$2 million for some of the poorest school districts in one's constituency. Of course I am speaking of the gentleman from South Dakota (Mr. THUNE) who is here, and I yield to him to tell us what this means back home in South Dakota for him and his constituents.

Mr. THUNE. Mr. Speaker, I thank the gentleman from Colorado (Mr. SCHAFFER) and the gentleman from Michigan (Mr. HOEKSTRA) as well for the great leadership that they have taken from discovering and examining and reviewing Federal budgets, and particularly in this case the Federal Department of Education, to determining what in fact is going wrong over there, why are we failing audits and uncovering a lot of these issues.

Mr. Speaker, I just think that the gentleman from Colorado (Mr. SCHAFFER)

made a good point, and that is that what we have talked about for some time is getting the Federal education dollar, in other words, the dollars the taxpayers of this country pay that goes into Washington to support education, back into the classroom and keep it from being lost in the Washington bureaucracy.

There is a perfect example of why we have to do that. We look at what happened, let us me just retell the story very briefly here because I think this paints a picture about what happened in South Dakota. One has got a school that is waiting for its money, contacted the Department of Education. The Department could not find the money, so it cut them a brand-new check.

Meanwhile, back at the ranch, as they say, two men are trying to buy a Corvette in the State of Maryland. They fail a background check and the dealer decides to call the FBI. The FBI, of course, investigates and finds that \$2 million in Federal education dollars intended for two rural school districts in South Dakota have been diverted into private bank accounts in Maryland and were used to buy luxury SUVs and a house.

Now, the Department of Education has an enormous budget in relative terms, I think in direct expenditures somewhere around a little under \$40 billion a year. If we add all the student loans and other things that are processed there as much as \$120 billion actually goes through the Department of Education. Two million dollars, with an "M," \$2 million may not seem like a lot to them, but it means a lot to the kids and the teachers in those two schools.

Let me just very briefly talk about Wagner, South Dakota. That was one of the schools whose money was mysteriously lost by the Department of Education. Wagner is a small town, population 1,462, about a 2-hour drive from the largest city in South Dakota.

Now, there are about 780 K through 12 students in the town of Wagner, and they rely heavily on Federal education dollars because many of the students, over 50 percent in fact, live on the nearby Indian reservation.

Now, when Wagner does not get its Federal education dollars, there are very real consequences. This year, using Federal Impact Aid dollars, which is the program that we are discussing here at this point, Wagner is expanding the kindergarten program, adding chemistry and sociology classes in the high school, and hiring four new teachers this year. Real fraud means real pain to real students.

Now, some of the students at Wagner High School sent me a letter, and I would like to read it for my colleagues. Interestingly enough, this was written to the car dealer in Maryland who blew the whistle on this; and had it not been

for him, we maybe never would have discovered this, but it is to the car dealer. The kids at Wagner write this.

It says: "To the honest car dealer, we are writing to thank you for being an honest and aware individual. Your awareness has helped solve a crime and your honesty has helped us to get the money we have needed for our educational programs. The money we received has helped us to build additional classroom space for the elementary, junior and senior high school. We were badly overcrowded, and this extra space helps make our daily life so much better.

"The money has also been used to provide additional computers and the educational programs we need so that we can have the best education possible. You probably have children and understand how important getting a good education is.

"For this reason, we are very grateful that there are still people in the world who know the difference between right and wrong and choose right."

It is signed "Sincerely, students from Wagner Community School in Wagner, South Dakota," which I think is a remarkable, remarkable letter in that it acknowledges the honesty and integrity of the gentleman from Maryland, the car dealer who exposed this particular incident, brought it to our attention, and has helped us, I think, get to the bottom of a lot of other issues that are occurring at the Department of Education.

I would just simply add, Mr. Speaker, and say I think what we are talking about here is making sure that the children of this country have the best possible education, that they have the highest standards. I think, unfortunately, what happens in Washington is we tend to dumb down the standards because it is so big and so bureaucratic, and it is easy to lose a few million dollars here and a few million dollars there. Pretty soon we are talking about real money.

I am very proud of the school system in South Dakota. I have two daughters in that school system. But the reason the school system works in South Dakota is because we have local administrators, because we have school boards, because we have teachers, because we have parents who care enough about their children's education to become involved. This sort of thing would not have happened with the local school board in South Dakota.

I have to say again I appreciate the work that both the gentleman from Colorado (Mr. SCHAFFER) and the gentleman from Michigan (Mr. HOEKSTRA) are doing in exposing some of these situations, finding out more about it. The failed audits in 1998 and 1999 I think drew attention to this. Certainly the work that the gentlemen are doing is valuable to the people of this country and, more importantly, to the children who our schools are supposed to serve.

Mr. HOEKSTRA. Mr. Speaker, will the gentleman yield?

Mr. SCHAFFER. I am happy to yield to the gentleman from Michigan.

Mr. HOEKSTRA. Mr. Speaker, here is the quote out of the Ernst and Young report on internal control fiscal year 1999 audit of the Department of Education: "During testing of grant expenditures for the Impact Aid grant program," which is the program that affected the school districts of the gentleman from South Dakota (Mr. THUNE), "which incurred approximately \$1 billion of expenditures during fiscal year 1999, we," that is Ernst and Young, "noted that two individuals were able to process drawdown requests for funds and then subsequently approve their own processing of the drawdown request. Furthermore, we noted that several other individuals performed incompatible functions in the processing of Impact Aid payments. For example, certain individuals have the authority to initiate payment requests, approve payment requests, and subsequently batch the requests and authorize payment by the finance department. Inadequate segregation of duties in sensitive areas such as payment processing can greatly increase the risk of errors or irregularities."

I guess they are using nicer English here to talk about exactly what went on. But I would guess that errors or irregularities is transferring the payment from the gentleman's two school districts in South Dakota and say let us put them into a bank account, into a personal bank account that we can use to buy SUVs or a Corvette or purchase a house.

But that is what Ernst and Young said in 1999 in their financial audit. The thing that we find is the Department of Education does not respond.

Mr. SCHAFFER. Mr. Speaker, if I can clarify, Ernst and Young was hired by the Department of Education to perform the audit on the Department's books, much like many businesses do around the country today to hire outside auditors to come in and give an objective perspective. This was an audit the Department of Education paid for presumably so they can learn from the result, not only on the financial side of the audit, but the performance side.

What I am hearing the gentleman from Michigan (Mr. HOEKSTRA) say, as what we have heard in the committee before, that the Department of Education actually had predicted, they knew. Go ahead; please clarify.

Mr. HOEKSTRA. Ernst and Young predicted.

Mr. SCHAFFER. Yes, Mr. Speaker, Ernst and Young predicted that the Department of Education had fully been apprised of their possibility that its controls were so lax and insufficient that waste, fraud and abuse could take place in the specific fund that ended up

costing the constituents of the gentleman from South Dakota (Mr. THUNE) \$2 million. The thieves would have still been carrying on the caper were it not for, not the Department of Education finding this crime, but a sales agent as at a car dealership.

I would like to underscore that for a second, just that whole action, because we spend \$40 million a year in the Department of Education on accountants, on auditors, on people who are supposed to oversee the financial transactions of the Department. Their job, \$40 million worth of them, their job is to make sure this kind of crime does not take place, to read the audit and put the proper controls in place so that the money gets to the children.

They were warned. They paid for the warning. They paid for the expert advice. They ignored the warnings. The crime took place. Even with \$40 million worth of auditors and accountants, they still had no idea. It took a sales agent at a car dealership to find the \$2 million that was stolen from the South Dakota schools.

That is why I find it so remarkable and gratifying that the children are writing letters to the proper person in this case. It is not the Department that got the money to the classroom, it was the conscientious car sales agent at the dealership in Maryland, Hyattsville, Maryland if I am not mistaken, who saved the day.

Mr. THUNE. Mr. Speaker, if the gentleman will yield, this is one particular obvious incident that we are looking at here today, and it does become somewhat personal because it was school districts in my State and school districts that are particularly in need of this support. Impact Aid is a program that supports school districts that have a heavy Federal impact in their school districts, in this case Native American populations close to reservations.

□ 1330

But if we extrapolate or expand this, Impact Aid is just one program. It is a program that has worked very effectively and one program that I have supported wholeheartedly to make sure that the resources are there to support our children, but think of all the various programs not only throughout the Department of Education but across all of government across this country, and the enormous potential for waste, fraud and abuse.

This is why when we have these broad philosophical debates in Washington about what to do with Federal surplus dollars, should we spend it in Washington or should we get it back home, this is exactly why we have to get this money out of Washington and back in the hands of the American people.

Furthermore, if we look at it in terms of a principle, again coming

back to decision-making, who really cares about our children? And I think we all agree children ought to be the focus of our educational efforts. They ought to be able to learn in safe, drug-free environments, they ought to have the brightest and best teachers, and they ought to know that there will be standards and accountability. The taxpayers in this country and the parents, who pay the bills, ought to be able to know with some assurance that the dollars they are sending to Washington, D.C. to support education are not being squandered in some enormous bureaucracy, but are actually making it back into the classroom where they are improving the rate of learning for our children.

This is an issue which I just think cries out for change, in the sense that when we look at these issues, whether it is education or any other, that we have to get more of the decision-making and more of the power and more of the money out of Washington and back into the classrooms and back into the living rooms and back into the communities where it can make a difference; where there are local decision-makers who care enough about their kids not to let this sort of thing happen.

Mr. SCHAFFER. Republicans are for decentralized government. We are for strong high-quality schools, we are for well-paid teachers who are well-trained and paid on a professional basis, and we are for money being spent on the priorities that exist in various communities around the country.

The Washington model, the liberal model, the one the Democrats and the President have espoused over in the White House is something very different. Their model is oriented toward building this large Federal bureaucracy here in Washington to make decisions for the whole country. To them, that seems more efficient. And as we are seeing, structurally it just cannot work. A large centralized education authority here in Washington takes power away from locally elected school board members. It takes decision-making away from the classroom teacher, away from the school board members, away from the principals, away from the people who know the children best and understand the priorities of a local community most; the people who can actually name the names of the children in those classrooms.

Those are the people we as Republicans trust, and that is where we want to place the authority and resources, meaning tax dollars. That is our preference. These folks over at the Department of Education are nice people. We have been down there. The gentleman from Michigan (Mr. HOEKSTRA) and I have actually walked down to the office and paid them a personal visit. We went office to office and met a lot of these folks. They are like anybody we know in our neighborhoods. They have

the pictures of their kids on their desks, and they have got education systems in their neighborhoods that they care about. But just from a functional perspective, this large bureaucracy charged with trying to manage 50 State education systems, it is just not set up to do it well. It cannot succeed. It just cannot. It is too big, too impersonal, and there are too many moving parts.

There are 760-some-odd Federal programs they try to manage over there, and they manage a \$120 billion budget. So when they lose a couple million, they do not notice it. The car dealer has to notice it and the kids notice it, but the Department does not notice it. But I tell my colleagues this. If we can get that money to the local classroom, I know every single principal in my district would notice \$2 million missing. I know every school board member elected to manage schools in Colorado would notice \$2 million missing. I know every single schoolteacher would notice \$2 million missing. But over in the Department, they did not notice. It took the car sales agent to find the guy who was trying to buy a Corvette with the stolen money to notice, a real person who made a big difference for children in South Dakota in this case. And presumably for other children because we are going to crack down on this part of a failed department as well.

I yield to the gentleman from Michigan.

Mr. HOEKSTRA. I wanted to build off the comments that our friend from South Dakota made in talking about the amount of money that comes to Washington and how Washington responds.

Obviously, the Congress appropriates this money to the executive branch. What this chart points out is that there are nine major agencies or cabinet level offices that cannot get a clean audit. It means that the auditors come in and say that their internal procedures are not good enough to give a high degree of confidence that their reporting in their financial statements accurately reflects what is happening.

The first thing we ought to be really scared about is the one we have listed first, the Treasury Department. Our Treasury Department cannot get a clean audit. We have talked about education. The interesting thing here is that neither Treasury nor Education can get a clean audit, and one of the problems that we have highlighted in the education department is that they have the authority to write checks and at the end of the month, when they check what they have written against what the Treasury Department has reported as being cashed, they cannot reconcile these two numbers. So we have two major departments, Treasury and Education, which cannot get clean audits.

The Justice Department cannot get a clean audit, the Defense Department

cannot get a clean audit, the Agriculture Department cannot get a clean audit, EPA, HUD, OPM, and AID. None of these agencies can get clean audits. And we know by the work we have done by taking a close look at the Department of Education, when these agencies cannot get a clean audit, they are creating an environment that is ripe for waste, fraud and abuse. We have found all of that within the Department of Education.

And I think as the gentleman from South Dakota mentioned, real problems and real mistakes impact real people. In this case, the fraud within the Department of Education impacts young people in some of the neediest schools in the country.

Mr. SCHAFFER. The Clinton-Gore administration knew that they had this problem years ago. In fact, it was the Vice President who put together a report back in 1993 called the National Performance Review report. Here it is right here. Does the gentleman have the famous quote highlighted here, by chance?

Well, somewhere in this document, this nice shiny document that apparently the Department of Education never opened up, is this quote, and remember this is a quote from the report published by the Vice President, it says, "In other words, if a publicly traded corporation kept its books the way the Federal Government does, the Securities and Exchange Commission would close it down immediately."

That is what the Vice President said in this report evaluating just what the gentleman from Michigan had highlighted. The problems that plagued the Clinton-Gore administration's whole management style back in 1993 still exists today. In fact, it is worse. It has gotten worse over time.

Mr. HOEKSTRA. If the gentleman will yield, there are a couple of other quotes the Vice President wrote in his reinvention booklet here. Remember, now, he is talking about a department that has failed its 1998 audit, failed its 1999 audits, and has projected it will fail its next three audits. "The Department of Education has suffered from mistrust and management neglect almost from the beginning. To overcome this legacy and to lead the way in national education reform, Ed must refashion and revitalize its programs, management, and systems. AL GORE, Report of the National Performance Review." And it is dated not 2000, but "AL GORE, 1993."

Another quote: "The Department is redesigning its core financial management systems to ensure that data from accounting, grants, contracts, payments and other systems are integrated into a single system. AL GORE, Report of the National Performance Review, 1993." The end result is that we are now in the year 2000, the Department of Education is still failing its

audits, and the litany of waste, fraud and abuse within this department is getting to be an embarrassment to the department and actually an embarrassment to the executive branch.

Mr. THUNE. Not only is it an embarrassment obviously to the government, I think it ought to be an embarrassment to the taxpayers. And ultimately that is what we are talking about here, the taxpayers, the people who are paying the bills here. The people who pay the freight in this country are the people who are hurt the most.

I come back to the point that in this particular case we are talking about waste, fraud and abuse as it applies to a couple of school districts in my State of South Dakota, but waste, fraud and abuse means real pain to real students. Unless we can refashion and reshape these agencies of government in a way that makes them responsive to the people that they are there to serve, we will continue, I think, to uncover incidents just like this one.

And, again, thankfully, there was a car dealer in Maryland who had the courage to recognize this incident and contact the appropriate authorities. Because, frankly, had it not been for that, who knows. Really, who knows if this ever would have been discovered. Because the Department of Education, when the shortfall became evident in the State of South Dakota in the two school districts, after a period of time, and in one school district a protracted period of time, but they just issued a new check. They just cut a new check. Hey, it is no big deal, we will just get a little more money here and we will take care of it. But that is the problem, again, when there is no accountability. And what this cries out for is higher standards and more accountability.

And, really, it does start at the top. I appreciate all the studies that have been done, the Vice President's study back in 1993; but here we are in the year 2000, and leadership on issues like this really starts at the top, from the top all the way down through all the respective agencies. I am sure the gentlemen will find, as they continue to research the Department of Education, more incidents, more examples of waste, fraud and abuse. And certainly from the standpoint of the taxpayers, it is not a good return and it does not do anything to help the children of this country to have the taxpayers send almost \$40 billion a year, that is with a B, \$40 billion to Washington with the intention that those dollars are going to be used in some fashion to help improve the rate of learning of children in this country only to find examples like this, and the others that the gentlemen have noted and that throughout their research continue to crop up. This only continues to build the cynicism and the mistrust and everything else that exists in our culture today about the

Federal Government, and that is truly unfortunate.

These are embarrassing examples not only for the agencies of government who are responsible and have the taxpayers' trust and are the stewards of those dollars; but, more importantly, these are embarrassing to the people who pay the bills in this country. If we want to build trust and confidence in the government, we cannot have these sort of things happening.

Again, in my judgment, what it does is it just points to the need to make sure that we do our job as a Congress in terms of oversight; and, secondly, to make sure that the Federal dollars that come in here are used efficiently and that we do everything we can to get them back out of Washington, back where decisions are made locally, back where decisions are made by people who care about their communities and their children.

As the gentleman mentioned, I am sure they are very well-intentioned people and good people at the Department of Education here in Washington, and they care about their children. But the reality is parents, communities, and teachers care a lot more about the children when they know their names, when they have the personal contact. And that is where the decision-making, that is where the authority, and that is where the power and resources ought to be focused, not in a Washington bureaucracy.

Mr. SCHAFFER. I have actually had superintendents of schools and school board members and principals who tell me not to spend another dime on that agency until we get it cleaned up and until we get that financial disaster corrected. They need the money. They want the dollars in the classrooms. But they also realize that when there is a Department of Education that is hemorrhaging cash to the extent that it is today, that it serves no one well to continue to feed more money into this machine that loses cash, has it stolen, has it squandered, cannot account for it, and, in the end, gets a fraction of the money back to children.

We have talked about the example of the \$2 million that was stolen out of the department from the children in South Dakota and used to buy cars. I would point out the thieves in this case actually did buy two cars. It was the third dealer that they went to to buy another car that realized there was a crime going on and turned them in. But my point is, this is more than a suggestion that there is a potential for more waste, fraud and abuse. We have lots of other examples, and I will go through a couple more here in the next minute or so, but I would yield to the gentleman from Michigan.

Mr. HOEKSTRA. Well, I just wanted to mention that not only did they buy cars, they bought a Lincoln Navigator, a Cadillac Escalante, they bought a

house, and they were going to try to actually buy a Corvette. So it is interesting.

I was going to say we have to get to this before our time is up. We ought to go through some of these other cases of abuse, but we should also talk about what is actually happening with our kids.

□ 1345

There is a lot of information out there. Our kids are not testing well when we compare them to international standards.

It is kind of interesting. A number of the newspapers have been running an ad this week saying we are lucky this is not the Olympic scores, and they list 21 countries and the U.S. is 18. What it is is on educational achievement, on the third international math and science study. And it is disheartening. Not enough of our kids are testing at proficiency grade level.

The fastest growing program in our colleges today, we had a hearing today on overseas studies programs, that is not the fastest growing program on college campuses today. The fastest growing program on college campuses today is remedial education, taking kids who have graduated from high school, but cannot perform at basic levels in reading, writing and math so they get in college and they have the colleges and the universities to do remediation.

But that is the problem and that is the sad part here is that we have got a Department of Education with all the kinds of problems that we have outlined and at the same time we are leaving too many kids behind.

And so, if the gentleman wants to take a look at some of the other examples of waste, fraud and abuse, we can do that.

Mr. SCHAFFER. Mr. Speaker, one other example that we investigated in the Subcommittee on Oversight and Investigations was a theft ring involving collaboration between outside contractors and the Department of Education employees who operated this theft ring for at least 3 years, starting in 1997; and we finally caught it almost in 2000.

They stole more than \$300,000 worth of electronic equipment. They stole computers. They stole television sets. They stole VCRs. They stole phone equipment. They stole all kinds of electronic computer equipment and so on. And they also collected more than \$600,000 in false overtime claims.

So we had people in the Department of Education who were signing these work vouchers for some pseudo contractors outside of the Department of Education so that they were getting paid for work that they did not do. Except in one case, in this particular example, the manager in the Department of Education actually sent an employee out to go out to Maryland to pick up

crabcakes and bill that to the taxpayers of America.

It is just mind boggling. Here is how it worked: The Department of Education employee charged with overseeing these outside contractors would order equipment through the contractor and these were funds that were paid for, equipment that was paid for by the Department of Education, and they would have it delivered by a complicit contract employee, she had it delivered to her house and to her friends' houses.

And the contract employee also did these personal errands. I mentioned the crab cakes that this contract employee ran out to buy and bring back so she could eat them for lunch. And, in return, she signed off on these false weekends and holiday hours that were never worked. And that was paid for by the children of America. That is where the money went.

Money that we want to get to classrooms, money we Republicans think children could use, instead was going to pay almost \$600,000 worth of false overtime hours and bills and these projects where they run out and buy crab cakes for themselves.

This theft ring is still under investigation by the Justice Department. There are several who were investigated who signed guilty pleas, and seven Department of Education employees have been suspended indefinitely without pay pending the final outcome of this probe. And there are more examples.

Mr. HOEKSTRA. Mr. Speaker, if we just go through them quickly:

The Department of Education, September 1999, prints 3.5 million financial aid forms. One problem, they printed them incorrectly. It cost the American taxpayer \$720,000.

There is one that we call "dead and loving it." The Department of Education improperly discharged almost \$77 million in student loans. We have a policy in place that, if a person, a borrower, dies or they become disabled, their loans are forgiven them. In this case, we forgave \$77 million of student loans.

Even better news for these young people is that they were not dead and they were not disabled. We just forgave them the loan improperly.

This again, where we talk about I think what we saw in South Dakota, this affects real people. Thirty-nine students were selected to receive the Jacob Javits Fellowship. This is an award given to students that are graduating from undergrad that the Federal Government agrees to pay for 4 years of graduate schoolwork for them.

Having a daughter that is just going to college, I can imagine how excited the parents would be that the tuition is covered. I can imagine how excited the student would be, and I can also imagine how excited her friends and also her

academic institution would be for that kind of recognition.

The good news is we had 39 winners. The bad news is the Department of Education notified the wrong 39 young people and said, you are the winners, and 2 days later they had to call back and say, sorry, we got it wrong; you did not win.

That was February of 2000.

This year alone, the Department of Education has issued over \$150 million in what I think my colleague was talking about earlier, duplicate payments. We pay you once. We pay you twice. And that is the \$150 million of the contractors who have notified us or that the Department of Education caught. Who knows how much they have not caught.

Mr. SCHAFFER. So this is, the Department, I mentioned this before, sends duplicate payments for the same expenditures. It would be like your employer sending you two paychecks for the same month.

Mr. HOEKSTRA. Absolutely, and maybe knowing it and maybe not knowing it.

Student financial programs are annually cited. And while we are talking about real money, this is now talking 70 to 80 billion dollars of loan portfolios that they manage.

The General Accounting Office calls these high-risk programs most susceptible to waste, fraud, and abuse. And what do we know when outside experts come in and highlight these programs? They are right.

Ernst & Young says the \$40 billion that you spend is right for waste, fraud, and abuse. We have got a long list of it. Now GAO comes in and says your loan programs are high risk for waste, fraud, and abuse. And we have got all kinds of examples in that area, as well, and it gets to be real money at a time when we really ought to be focusing on getting those dollars into a classroom.

Mr. THUNE. Mr. Speaker, I would just simply add, Mr. Speaker, to what my colleagues have said here in the sense that a lot of these dollars in these various programs, I am sure there are people who appreciate it. The people who have gotten their loans forgiven are probably real happy about this and the people who got the double payments that are being made out there. I mean, there are some beneficiaries of all this waste, fraud and abuse I am sure. But the people who are paying for it are the people who are supposed to be served by the programs and the taxpayers of this country whose dollars they are in the first place and who have high expectations about what their Government ought to be in terms of being responsible and efficient in the use of those tax dollars.

I know my colleagues are focusing on education. We had in the Committee on Agriculture the other day, and I am

not on this subcommittee, but the Committee on Oversight and Investigations had a hearing. The agency or division within the Department of Agriculture that is responsible for the CRP program came up to the Committee on Agriculture to explain how \$20 million had been spent on a mural on a garage and on providing bus transportation for people to attend Sierra Club meetings.

Now, when questioned about that, how could you use those dollars in that fashion, the answer was, well, we have very broad authorities and that is a justifiable, legitimate use of taxpayer dollars.

I do not know about my colleagues, and irrespective of what they think about one organization or another, providing federally subsidized transportation to go to a Sierra Club meeting or any other club meeting seems to me to be a little bit outside of what people would expect in terms of taxpayers and the use of their tax dollars in this country.

And so, I just use that again. My colleagues are talking about educational issues and the Department of Education and clearly they have a very, very long record and have accumulated tremendous amount of evidence of the waste, fraud, and abuse that occurs there.

But as the gentleman from Michigan (Mr. HOEKSTRA) noted earlier with his chart, many other agencies of Government fail their audits, as well. And this is another example, another department of Government, a program, the Conservation Reserve Program, which is designed to benefit producers in this country and to further protect the environment, add to wildlife production and other things that is designed specifically with a purpose in mind, those dollars are being misdirected in a way that I think is totally inconsistent with the purpose and totally inconsistent with what is right with the taxpayers.

Mr. SCHAFFER. Mr. Speaker, I would submit and I know my colleague would agree that it all relates. It is all the same from a taxpayer's perspective. Back home in Ft. Collins, Colorado or Pierce, South Dakota or Holland, Michigan they are sending their money to Government. That is all they know. They are not saying an education tax, an agriculture tax, a defense tax. They are just paying taxes, almost half their income; and they expect that somebody here in Washington is going to object for the \$20 million mural in the Department of Education. Because what every American knows is that they prefer to have that money spent on their children and schools.

So whether it is waste in the one department or any of the nine agencies that cannot even tell us how they spend their money because they fail their audits and do not do it well, from a taxpayer's perspective, they know

what real priorities are in America: defending the country, educating our children, keeping the roads in operable condition, and things of that sort that are real priorities for the country.

I think we owe it to taxpayers. As Republicans, I think taxpayers rely on us to expose this kind of waste, fraud and abuse whether it is in the Department of Education, Department of Agriculture, or whether it is the million-dollar outhouses that the U.S. Park Service built out in some national park. All of these things should not go unnoticed.

I think it is the more honest approach that we have joined forces as a Republican majority to tell the truth about this waste, to expose it, to talk about it, to begin to fix these problems. Because our message is positive. We want to get resources to the top priority where they are needed most. We disagree with our Democrat colleagues who say these are problems but let us just spend more so we do not notice.

No. People work too hard for that money. It should not be wasted and squandered in accordance with these examples that we have spoken about today. Our positive agenda is to spend money wisely and to be prudent and responsible with somebody else's money, in this case the money that is taxed and sent to the Federal Government by way of tax revenues.

Mr. HOEKSTRA. Mr. Speaker, when we take a look at it again, when we see the waste fraud and abuse, I mean, it is really scary. But then it also gets to be scary when we take a look at some of the places where we consciously make the decision to spend the money.

My colleague, the gentleman from South Dakota (Mr. THUNE), talked about the mural. Somebody in Federal Government made the conscious decision that spending \$20 million of taxpayer money in that area was a good idea. Someone also made the decision consciously that taking people and busing them to these events was a good use of taxpayer money.

The Department of Education's closed captioning. We pay for this. We can watch *The Young and the Restless*; *The Bold and the Beautiful*, I never heard of that one; *Days of our Lives*; *Sunset Beach*; *Men in Tool Belts*; the *New Maury Povich Show*; *Dukes of Hazard*; *Bewitched*; *Gomer Pyle*; *Dynasty*; *WKRP in Cincinnati*. The Federal Government is paying for closed captioning, all of those programs, to the tune of almost \$9 million dollars.

At the same time, we recognize that a lot of our kids are not reading by third grade, they are not reading by fourth grade, they are not reading by fifth grade. But we are doing these types of things, and it really is time, I think, for us not only to wipe out the waste, fraud and abuse but to take the dollars and focus them on the programs and the efforts that will make the biggest difference.

Mr. SCHAFFER. Mr. Speaker, that has been our objective here in Congress as a Republican majority is to chop this waste, fraud and abuse out of Federal agencies to begin to consolidate programs so that we can send money back to the States in larger chunks with fewer moving parts so that there is more accountability and we involve more local leaders in the disbursement of those funds.

In that way we really are not talking about spending more money on education per child but spending less over time in what is budgeted for all this wasted money that takes place here under the Clinton administration. And so, it is a positive message that we are about, it is a proactive agenda that we are trying to unfold here in Washington. It is a different agenda which our Democrat friends and the Clinton-Gore administration have presided over for the last 8 years.

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In their own words, it could not be made any clearer by the Vice President himself when he said, in other words, if a publicly traded corporation kept its books the way the Federal Government does, the Securities and Exchange Commission would close it down immediately.

They knew that back in 1993 when they printed this. They knew that 2 years ago when Ernst & Young did the audit of the Department of Education and warned the Department of Education that there was a potential for theft to take place in the Impact Aid funds; but in all cases they were too busy trying to persuade Americans that they were not paying enough taxes and did not spend enough time making the government more efficient, and in this case and in several other cases, the children of America suffer.

We want to end the suffering. We want to end this burden of waste, fraud and abuse that has been perpetrated upon the American people. We want a brighter day for education of American students, where dollars are spent wisely, dollars get to the classroom, and Americans have their confidence restored in how their Federal Government works.

Mr. HOEKSTRA. I think we ought to take a little bit of time talking about where we are with kids. We know our kids are not tested enough, but we also have proposals to fix these problems. We have a series of objectives that say here is what we would like to do. We have got a program called Dollars to the Classroom. It says we want to get 95 cents of every Federal education dollar back into a local classroom. We have got Ed-Flex. What is Ed-Flex? What Ed-Flex says is we know that as we have gone around America with our project called Education at a Crossroads, the States have consistently come back and said, we get 6 to 7 per-

cent of our money from Washington; we get 50 percent of our paperwork. Ed-Flex says we are going to allow school districts and States to eliminate part of the bureaucratic nightmare that we have imposed on them.

We have a program which we call Straight A's. So we are going to get more dollars into the classroom, we are going to get rid of the red tape, and then what we are saying is we are going to allow you more discretion so that in a school district in Colorado, if they need to buy technology, they can go out and buy computers. But if a school district in my area of west Michigan says we really want to do teacher training, they can take those dollars and use the dollars for teacher training, so that we recognize that the needs of west Michigan are very different than the needs of Colorado or South Dakota, so we are going to give school districts flexibility.

The other thing that we want to do is we want to fully fund our commitment to the Individuals With Disabilities Education Act. The Federal Government committed to paying 40 percent of this mandate that was placed on our local school districts. I think this year we are going to be all the way up to a high, and that is under a Republican Congress, the other side was never able to achieve this kind of funding for IDEA, we are paying 13 percent. But that means, the other part of that mandate, the other 27 percent which we committed to pay now has to come out of a local school district's taxes. What we need to do is we need to fully fund our commitment and when we do that, we will free up local dollars to use for school construction, hiring teachers, technology, other improvements, what they believe their kids need.

Mr. SCHAFFER. We tried, you and I tried and others, the more conservative Members of Congress tried to actually put more money into that unfunded Federal mandate because we know it frees up local districts to provide pay raises for teachers, to build new classrooms, to invest in the technology. We offered amendment after amendment here on the House floor when the appropriations bill was here to beef up the funding for the Individuals With Disabilities Education Act; but AL GORE and Bill Clinton, they did not help us, they were not interested. In fact, their budget opposes what we want to accomplish with fully funding the Individuals With Disabilities Education Act.

I am hopeful and optimistic that we are on the threshold of perhaps a new day over in the White House with a new kind of leadership that really understands education funding is about real people, real children. When the Department loses funds or squanders resources or mismanages programs, there are real Americans who suffer and suffer mightily as a result of that kind of

mismanagement, and it is the same kind of mismanagement that the White House even wrote books about in 1993. It is a tragedy that they failed to follow their own advice, clean up the waste, fraud and abuse in the Department, get money to the classroom. They have had 8 years to work on it, they have squandered their opportunity, they cannot do it. We will.

Mr. HOEKSTRA. Creating a Government That Works Better and Costs Less, Report of the National Performance Review.

We can speak from experience that the redesign or the reinvention of the Education Department has been a failure. AL GORE dropped the ball at the Department of Education. The American taxpayer is paying for this. More importantly, America's children are paying the price for this failure of reinvention at the Department of Education. It was promised us in 1993 and the conditions are as bad if not worse in the year 2000 than what they were in 1993.

PIPELINE SAFETY LEGISLATION AND THE LONGHORN PARTNERS PIPELINE

The SPEAKER pro tempore (Mr. OSE). Under a previous order of the House, the gentleman from Texas (Mr. GREEN) is recognized for 5 minutes.

Mr. GREEN of Texas. Mr. Speaker, before the end of the 106th Congress, I am hopeful to be able to pass a comprehensive pipeline safety bill. On September 7, the Senate unanimously passed the Pipeline Safety Improvement Act of 2000. This bill is tough and has many public safety provisions. For example, the daily penalty for a violation of regulations increases from \$25,000 a day to \$500,000 a day. In addition, pipeline companies must now report spills in excess of five gallons as opposed to 50 barrels or 2,100 gallons under current law.

Other provisions in this bill require pipeline companies to have a detailed pipeline integrity plan as well as mandating stronger training and qualification requirements. The bill also strengthens the public's right to know and provides whistle-blower protections for pipeline employees.

I believe this bill is a good start. Although I would still like to include other public safety protections, I understand the need for a pipeline safety bill this year. I look forward to working with my colleagues on the Committee on Commerce that I serve on but also in the Committee on Transportation and Infrastructure if necessary to move even more legislation, stronger legislation next year. Pipelines have been shown to be a much safer way to transport products than trucks or other methods and the current bill increases that safety factor.

I have also been working with several of my Texas colleagues and colleagues

in the southwestern United States to secure Federal approval of a project called the Longhorn Pipeline. The Longhorn Pipeline begins at Galena Park, Texas, in east Harris County in the district I represent and goes across Texas for approximately 700 miles to El Paso, Texas.

This pipeline is intended to carry refined petroleum production from Houston to southwest markets of the United States in El Paso and Midland/Odessa and hopefully beyond. After much delay, the Federal Government now seems to be willing to move forward in the process. George Frampton, chair of the Council on Environmental Quality, has recommended the EPA and the Department of Transportation to include the analysis of the Longhorn Pipeline project by finishing the environmental assessment.

The many studies and analyses conducted by the Federal Government indicate that the extensive mitigation plan supports this action. The Longhorn Mitigation Plan protects the environment and all the people along the pipeline route and is of a scope and rigor unprecedented in the pipeline industry. It includes measures designed to reduce the probability of a spill as well as measures designed to provide greater protection to the more sensitive areas, including areas where communities and drinking water could be affected.

The Longhorn Pipeline meets or exceeds current statutory, regulatory and industry standards. The pipeline would be the safest in the history of the United States. I do not make this statement lightly. For instance, the mitigation measures are adjusted along the route of the pipeline based on the sensitivity of the area. The route was divided into approximately 8,000 segments, and the relative sensitivity at each segment was determined based on factors including the proximity to population centers, drinking water supplies, and protected species habitat.

I cannot begin to understand why the Federal Government has taken this long, and to have made such a difficult process in the regulatory lag is amazing. We still have time to salvage the good intentions and still have the success that was started with this process. But we need to act now. I say we, the Federal Government. Since Longhorn filed for the pipeline conversion in 1997, two other previous crude-oil-conversion-to-refined-products pipelines are up and running. I repeat, they are up and running with not the mitigation measures that are part of this Longhorn Pipeline.

If we are interested in pipeline safety, we need to encourage pipeline companies to establish mitigation measures such as these. Working together, we can ensure that pipelines remain a viable transportation means while maintaining and improving public safety.

SERVING THE SAN DIEGO COMMUNITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. FILNER) is recognized for 5 minutes.

Mr. FILNER. Mr. Speaker, I rise today to recognize the 86 years of service given to the San Diego community by the Neighborhood House Association and at the same time the 35th anniversary of Head Start, both nationwide and at this location.

Neighborhood House is a multipurpose social service agency whose goal is to improve the quality of life of the people served. It is one of the largest nonprofit organizations in San Diego, reaching more than 300,000 San Diego residents with its programs. Since Dr. Howard Carey assumed leadership as president and chief executive officer in 1972, Neighborhood House has grown from a budget of \$400,000 and a staff of 35 to the current budget of approximately \$50 million with 800 employees. Among the most important of the services of Neighborhood House is Head Start, and the 35th anniversary of Head Start is being recognized at a Gala 2000 event by the Neighborhood House Association on November 17, 2000.

As we all know, Head Start is the most successful federally funded program for children that has been created. It has touched the lives of tens of thousands of low-income preschool children and their families. The Neighborhood House Head Start serves 7,000 preschoolers and their families in 77 centers, the largest San Diego Head Start program. And plans are in place to provide for over 11,000 children to be reached in over 130 centers.

Mr. Speaker, Head Start and the Neighborhood House are in the business of helping people to help themselves. They strive for permanent changes, and long-term self-sufficiency is their goal. On the occasion of the Neighborhood House Association's Gala 2000, I am honored to congratulate both Head Start and the Neighborhood House for their many contributions to the children and families of San Diego.

PROTECTING OUR ENVIRONMENT

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

Mr. BLUMENAUER. Mr. Speaker, we have just witnessed last night the first of the presidential debates between the candidates of the two major parties. After a great deal of wrangling, I was pleased to see that Governor Bush agreed to the debate commission's recommendations and has agreed to share the platform. I think it is important that we are now turning to issues that confront the American public. Unfortunately, sometimes with the barrage of