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

(Mr. UNDERWOOD addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Mrs. MALONEY) is recognized for 5 minutes.

(Mrs. MALONEY of New York addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

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 unauditable.

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.

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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