

several weeks in the Chicago area. We have seen tens of thousands of our neighbors losing their jobs because of the weak economy that President Bush inherited from his predecessor.

Unfortunately, companies like Montgomery Ward are going out of business. LTV Steel has declared bankruptcy. Lucent and Motorola and Outboard Marine and other companies in the Chicago area are announcing massive layoffs. And those individuals are telling me they are having a hard time finding a new job.

Well, if we want to stimulate the economy, Congress needs to set politics aside and move quickly, move quickly. We need fast action to cut taxes, to put more money in people's pockets, to help families pay their high home heating bills, to help families pay off their credit card bills, to put confidence back in the minds of the decision-makers in business as well as consumers about their future of our economy.

I believe, as we move quickly, not only should we lower taxes for all, but we need to address the need to eliminate the marriage tax penalty.

I am proud of the way that the President has balanced his tax plan. Because if you look at the President's tax plan, you will note that under his proposal that the biggest beneficiaries are moderate and middle class taxpayers, because they see the greatest proportion of their income returned in tax relief, meaning that moderate, middle income, taxpaying families will have the biggest portion of their income back essentially as a pay raise, an extra few weeks' pay, an extra end-of-the-year bonus that they can use to meet their needs.

I am proud to say he is doing that. And for a family making \$50,000 a year, President Bush's proposal would provide an extra \$2,000 in higher take-home pay. That is an extra three weeks' pay under the President's plan.

Now, if they are making \$40,000 a year, it is about \$1,600 more in higher take-home pay because of lower taxes. So that is pretty meaningful if you think about it. And at the end of the day, when his plan is done, higher income Americans will pay a higher proportion of the income tax burden.

So if you are concerned about who gets what and who pays more, low, moderate, middle income families will see a greater proportion of their income back in tax relief and, at the end of the day, wealthier Americans will pay a higher proportion of the overall tax burden. So if that is important for you, it is something to think about.

But for a family making \$50,000 a year, a married couple with two kids, they will see an extra \$1,600 to \$2,000 in higher take-home pay under the President's plan. At the same time we reduce rates for all Americans, we believe that we should eliminate the marriage tax penalty, as well.

We want to help couples like Shad and Michelle Hallihan, two public school teachers who work hard every

day, to ensure that the children of the Joliet-Will County area have a bright future.

We also want families like Shad and Michelle Hallihan to have a bright future as well by ensuring that Shad and Michelle Hallihan get to keep what is theirs. It is wrong that when they chose to get married that they had to pay higher taxes. That is just wrong.

We believe, by adoption of the Marriage Tax Elimination Act, we can eliminate the marriage tax penalty, and we want to work with President Bush and Democrats and Republicans, both in the House and the Senate to get the job done this time.

I was so proud last year when we passed the Marriage Tax Elimination Act out of this House and the Senate. It broke the hearts of 25 million married working couples when President Clinton vetoed the bill. But it is a new day. It is a new time of opportunity. We now have a chance to do the right thing, and that is, to eliminate the marriage tax penalty.

It is important to say that, here on Valentine's Day, what better valentine can we give 25 million married working couples than to eliminate the marriage tax penalty?

Let us work together. We have 230 cosponsors today. Hopefully, we will have more tomorrow.

#### NEED FOR GOOD MANAGEMENT IN EXECUTIVE BRANCH IS LONG OVERDUE

The SPEAKER pro tempore (Mr. KERNS). Under the Speaker's announced policy of January 3, 2001, the gentleman from California (Mr. HORN) is recognized for 30 minutes.

Mr. HORN. Mr. Speaker, with a new administration, it is time that we face up to the lack of management in the executive branch.

Mr. Speaker, today I am introducing legislation to create an Office of Management within the executive office of the President, H.R. 616.

The language of the bill is below and will be part of the RECORD.

The proposal that complements and extends the efforts of recent congresses to focus on one of the greatest challenges facing the Federal Government is seen best this way: finding an effective way to manage the complex collection of Government cabinet departments, independent agencies, and laws and regulations that exist to serve the public and provide for our national security.

Some might argue that this proposal is unnecessary or unimportant. Those arguments are profoundly misguided. The challenge of effectively managing our Government is, in fact, one of the most vital issues before us.

If we hope to solve the long-term problems that threaten Social Security and Medicare, and if we hope to strengthen our social safety net for children and other vulnerable members of our society and if we want to reduce

the tax burden on American families, then we must start with a well-managed Federal Government.

As most Members of Congress know, each year we receive reports from the comptroller general of the United States, those excellent reports that billions of tax dollars are lost to waste, fraud, and abuse.

A January 2001 report by the General Accounting Office, which works for the comptroller general, stated the following: "We have identified inordinate program management risks in major program and mission areas. These range from large benefit payment programs that sustain substantial losses to the earned income tax credit that experiences a high rate of noncompliance."

In addition to these two programs, the General Accounting Office stated that poor management policies place vital programs such as Medicare, supplemental security income, student financial aid, and the Department of Housing and Urban Development's single family mortgage insurance and rental housing assistance at the high risk of waste, fraud, and misuse of the taxpayers' money.

The new GAO report lists 21 programs that remain at high risk of waste, fraud, abuse and mismanagement, in addition to the emerging government-wide problem of managing its strategic human capital.

Among the most significant problems, the report cited the Department of Defense's poor financial management. Despite the GAO's recognition of this serious accounting problem, which dates back to 1995, little has changed.

In May of last year, the Subcommittee on Government Management, Information, and Technology, which I chaired, found that the Department of Defense still cannot produce auditable financial statements. We started on that on a bipartisan basis back in 1993 and most of us said they will never make it. We were right.

In fact, the Department's Inspector General reported that, in 1999, the Department of Defense had to make book-keeping adjustments that totaled \$7.6 trillion, not million, not billion, we are talking about trillions, \$7.6 trillion in order to reconcile its books with the United States Treasury and other sources of financial records.

The GAO's examination of the comptroller general of those adjustments found that at least \$2.3 trillion of the adjustments were not supported by documentation, reliable information, or audit trails.

The Department of Defense is not the only agency with such problems. It is just the biggest. The subcommittee's examination of the 1999 financial audit of the Health Care Financing Administration found that the Agency had erroneously paid out an estimated \$13.5 billion in its Medicare fee-for-service program. That is roughly 8 percent of the program's \$170 billion budget.

As the General Accounting Office testified at a subcommittee hearing on

this subject last year, accounting procedures were so inadequate that no one could even estimate how much of this money was lost to fraud.

These are just two examples of the enormous cost of the Government's poor management, outmoded business practices, and insufficient financial controls.

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At another subcommittee hearing on the governmentwide consolidated financial statements last year, the Comptroller General of the United States, David Walker, testified that serious financial management weaknesses also exist at the Internal Revenue Service, the Forest Service, and the Federal Aviation Administration. We have excellent people there as directors, and they are turning a lot of this around.

Commissioner Rossotti at the Internal Revenue Service is an outstanding executive. He came from the private sector, and he has applied some of those theories to one of the largest bureaucracies in the United States.

The same with the forester of the Forest Service; the same with the Federal Aviation Administration. They are working very hard to move those agencies ahead. These weaknesses, said the Comptroller General, place billions of taxpayer dollars at high risk of being lost to waste, fraud, and misuse. There is only one way to find these abuses, and that is to ferret out each wasted dollar, agency by agency, program by program, line by line.

To accomplish this goal, we must make management a clear and unequivocal priority across the entire Federal Government. The General Accounting Office report came to the same conclusion, stating that "effectively addressing the underlying causes of program management weaknesses offers tremendous opportunities to reduce government costs and improve services." Congress must create a corps of management experts who not only have the ability and skill to address wasteful administration and program failures but who also have the power and mandate to force action and produce results.

The Office of Management and Budget in the Executive Office of the President was created by President Nixon in 1970 for the various purposes I have outlined. At that time, I supported the creation of that office and adding the "M" there and presumably then having a management component with the overworked budget side.

I thought at the time there is a real possibility to use the budget process to get the attention of Cabinet officers and strengthen their interest in management practices. I was absolutely wrong. Every one of my colleagues in the government and the senior service, senior civil service, all of them saw nothing happening. And when I got back here 6 years ago, that is exactly what had happened. For years, manage-

ment experts whom I respect, inside and outside the government, have said that the "M" in OMB, the Office of Management and Budget, does not stand for management. It stands for mirage.

The unpleasant reality is that tying management to the power of the budget process was an excellent theory but one that never worked. The pressures and dynamics of the annual budget process have simply overwhelmed nearly every initiative aimed at improving management. In effect, the fledgling management trees could not survive among the tangled and gnarled limbs of the bureaucratic budgetary forest.

Since serving as chairman of the Subcommittee on Government Management, Information and Technology for the last 6 years, it has become very clear to me that we can no longer continue on our present course of muddling along, then papering over our fundamental management deficiencies with more tax dollars. This course has left us vulnerable to monetary waste and threatens to disrupt vital government programs that serve millions of Americans.

This very real problem seized my attention in April of 1996, some of my colleagues will remember, on the 2000 date change. Unless corrected, the year 2000 problem, called Y2K, threatened to disrupt government computers when their internal clocks moved from December 31, 1999 to January 1, 2000. The bulky computers of the sixties and seventies had little memory and to save that memory they said, Let us just call it 67, not 1967. At that time no one thought these systems would still be operating by the turn of the century.

As time went on, the concern grew that these computers would misinterpret the year 2000 as the year 1900; and there were some rather humorous but serious matters. In one case, a 104-year-old woman received a school district notice telling her to register for kindergarten and little things like that. But it was a serious problem.

It was grappled with not by OMB, it was grappled with when the President of the United States picked a person that had retired from OMB, brought that person in as assistant to the President. He did a very good job, and we can thank him for getting to it. But it took him a long time, 4 years, to get into this. They should have done it earlier. We would have saved billions of dollars if they had. But they did not. They did not take it seriously.

When I did a survey of the Cabinet back in 1996, there were two that had never heard of it, did not know a thing about it. We had some that did know something about it. But the one agency that was on top of all this was the Social Security Administration. They have long been a very well-run organization. In the sixties when I was on the Senate staff, we saw that every day. It is the type of thing that we should commend and we did.

The other thing was the Federal Highway Administration. They had a

first-rate programmer tell them all about it back in 1987, and they just laughed. They said, "Oh, that isn't possible." You would think that would go up the line to the Secretary of Transportation at the time, but the fact was, it did not.

And the Federal Aviation Administration, therefore, did not really have to face up to the problem, and so they had to play catch-up in order to overcome what could have been done beginning in the 1980s. The President procrastinated until February 1998 even though the gentlewoman from New York (Mrs. MALONEY), the ranking Democrat on my committee, and I had sent him a letter urging him to appoint someone.

Well, he did, 2 years after the letter. But that also lost us time. The President appointed John Koskinen as an assistant to the President and he did pull it together, but it was running right to the last wire to be passed and the last hurdle. Mr. Koskinen served the President as deputy director of OMB for management. You would think something would have happened there. He was there from 1993 until he retired. He is a very good man, but in the OMB nest, it was not the way to run the program. And he knew that. And when you are an assistant to the President, you can get things done. The Cabinet officers start listening to you. Yet Mr. Koskinen's able leadership at OMB frankly did not do anything to solve the problem until he took retirement, the President called him back in, and then he went to work and focused on it.

The year 2000 crisis provides powerful evidence of the need for an Office of Management. The executive branch of our government must have one office that is focused solely on finding, deciphering and solving this type of problem before it occurs, not afterwards. We need one group of management-oriented professionals who are available to monitor and help find solutions to management problems before they become costly burdens to the taxpayers.

Looking back, Franklin Roosevelt had a small group of professionals who were capable of sorting out problems and their long-range implications. They had the ear of the President in that era of the budget. President Harry Truman had such a group, as did President Dwight D. Eisenhower. It went downhill on management after President Eisenhower left office, and more and more it was politicized. Instead of professional civil servants that knew what they were doing, neither Democrats nor Republicans knew what they were doing, and that is not good enough. What we need are professionals that work for the President, and that is the way that agency used to work. Had the year 2000 problem been taken seriously a decade ago, its solution might easily have been integrated into the routine maintenance and modernization of Federal computer systems. Unfortunately, that did not happen; and

we lost probably a few billion. But they do not seem to care about that down there.

In recent years, five major Federal agencies have launched computer modernization efforts that sunk from lofty goals to abject failures. These efforts by the Internal Revenue Service, the Federal Aviation Administration, the Department of Defense, the National Weather Service, the Medicare program can be summed up as an ongoing series of repetitive disasters that at the highest possible cost failed to produce useful computer systems needed to serve the public. The Internal Revenue Service finally realized that its project had failed at the \$4 billion mark. The FAA, Federal Aviation Administration, had a similar disaster that cost more than \$3 billion before they canceled it and realized they were not going in the right direction. Both were costly examples of abysmal management. Another word for it is stupidity.

The American taxpayer deserves a lot more from the executive branch than it has received. The new Bush administration can solve a lot of those management problems which have been very well swept under the rug. We need to get it out from under the rug and deal with it. Three years ago, the General Accounting Office reported that "these efforts are having serious trouble meeting cost, schedule and/or performance goals. Such problems are all too common in Federal automation projects."

In short, good management could have saved taxpayers billions of dollars and given the government and its citizens modern, efficient, productive and effective technology. Yes, we need to strengthen the President's staff in the area of information technology, but we have an even greater need to have an integrated approach to management improvement.

The desperate need to improve the government's financial management systems which I have already referred to can be pursued meaningfully only in concert with information technology. In addition, however, many of the failures in upgrading these computer systems can be traced to inadequacies in the procurement process. At present, these three specialized areas of management reside in three independent offices within the Office of Management and Budget. We must remove all of them from the shackles of the budget process and insist that they work together to eliminate further loss of billions of dollars in wasteful and unsuccessful systems development.

Many other management challenges lie ahead. We need an organized and comprehensive governmentwide plan to protect government computers from cyber attacks such as the Melissa and I-Love-You viruses. Over the next few years, the Federal workforce will suffer massive attrition as a large number of workers become eligible to retire. We need an executive branch agencywide

strategy to train new workers and retain veteran employees. An Office of Management would produce enormous dividends in these areas simply by early identification of problems such as these and pointing the way toward the most effective solutions.

Mr. Speaker, there are other vital areas that need the same kind of scrutiny and guidance that I believe would flow from an Office of Management. Beginning with the Debt Collection Improvement Act which became law in 1996, Congress has attempted to provide Federal departments and agencies with the tools they need to collect the billions of dollars in debts that these agencies are owed. Yet so far their collection efforts have been sluggish and ineffective. Good financial management practices and systems should be in place throughout the Federal Government. However, recent subcommittee hearings have again shown that too many agencies have neither.

We will have quite a number of hearings this year taking the Comptroller General's little reports on each of these agencies. We would obviously like the appropriations subcommittee to do the same thing and the authorizing committee, but we as the oversight will make sure what the Comptroller General has brought up should be read by every Member of this Chamber, and then we can face up to these problems and do something about it. But Congress cannot do it day to day. That is where the executive branch and the Executive Office of the President is important to have this type of an entity added to it, which is simply moving it around but getting a focus in it, and that is the Office of Management.

Regardless of party, most White House staffers are interested in policy development, not managing policy implementation. Policy involves hope, excitement and media coverage. Management, on the other hand, appears dull and dreary, whether it is program management or financial management. Yet good policies that are not translated by management into action have very little value. Removing the management problems from the current Office of Management and Budget would provide the President with a rational division of labor that would place a new and necessary emphasis on managing what is now unmanageable.

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Those who are engaged in budget analysis have different skills and fulfill different roles than those who work in financial and program management.

Since 1993, on a bipartisan basis, this Congress has authorized chief financial officers and chief information officers for each cabinet department and each independent agency. Both management and budget staffs could and should participate in annual budget reviews of the executive branch departments and agencies. Of course they should do that. But they also have to focus to be very effective, and you cannot be diverted, just going to meetings.

We do not need to create a new bureaucracy or require a major reorganization of the executive office of the President. We do, however, need to create a separate office of management, whose director has clear and direct access to the President or the President's Chief of Staff, similar to the President's relationship with the separate Director of Budget, who sits in his cabinet.

If we are to create government-wide accountability, then an office of management is essential. It is long-overdue reform that taxpayers deserve and good government demands. An office of management could work with departments and agencies in measuring the value of program effectiveness.

Mr. Speaker, the Subcommittee on Government Efficiency, Financial Management and Intergovernmental Relations, which is the subcommittee I now chair, will have a large agenda this year. We will follow up on all of the reports of the General Accounting Office and the Comptroller General of the United States.

We have had hearings on what the States are doing. We have had hearings on what other countries are doing. If Oregon can do it, why cannot the executive branch of the United States do it? If New Zealand can do it, why cannot the executive branch of the United States do it? If Australia can do it, why cannot the executive branch of the United States do it? It just gets down to a question of doing it.

My most famous and fun commencement address that I learned as a university president was when Winston Churchill, the great leader of the free world, was sitting there puffing on his cigar watching the graduates and what they were doing. He got up to the podium and he said, "Do it," and sat down. If commencement speeches were that long, two words, we would have better inspiration for most of the young people of America.

In August of 1910, Theodore Roosevelt spoke to this very issue. He said no matter how honest and decent we are in our private lives, if we do not have the right kind of law and the right kind of administration of the law, we cannot go forward as a Nation.

Mr. Speaker, it is time to go forward. If we are to create government-wide accountability, an office of management is essential. It is a long-overdue reform that taxpayers deserve and good government demands. The office of management could work with departments and agencies in measuring the value of program effectiveness.

Mr. Speaker, the Subcommittee on Government Efficiency, Financial Management and Intergovernmental Relations, which I chair, will have a large agenda this year. We will follow it up on just these various points: What Oregon, Australia and New Zealand are doing, why are we not doing? So let us try it.