

leaps and bounds. As the highways in those areas clog up and the planes run 3 hours late, many are asking us for help to build high speed rail. A short-term benefit of this legislation will be stimulation of the economy by providing jobs in developing new corridors. Millions of Americans have asked Congress to save Amtrak, and to ensure the future of passenger rail in the United States. I ask my colleagues to add a powerful voice to these millions, and join with me by cosponsoring this important legislation.

□ 1930

# FEDERAL GOVERNMENT CANNOT ACCOUNT FOR BILLIONS OF TAXPAYER DOLLARS

The SPEAKER pro tempore (Mr. JEFF MILLER of Florida). Under a previous order of the House, the gentleman from North Carolina (Mr. JONES) is recognized for 5 minutes.

Mr. JONES of North Carolina. Mr. Speaker, during the Memorial Day break, I happened to be listening to a talk show out of Raleigh, North Carolina called WPTF and the host is Jerry Agar. When Mr. Agar said that the New York Post had reported that the national government, the Federal Government had lost \$17.3 billion, it kind of got my attention. So by phone, because I was in my car, I called my staff and I said, please get me a copy of the New York Post. I cannot believe what Jerry Agar was saying, even though I have been on his show and I think he is a very, very credible talk show host.

Sure enough, we got a copy of the New York Post and the article says, "Washington complains about deceptive corporate accounting, but the government last year misplaced an incredible \$17.3 billion because of shoddy bookkeeping, or worse."

Then, to add to that embarrassment that we cannot keep our books straight here in Washington, D.C., the London Times, May 29, has an article that says, "As accounting errors go, it is a whopper. The U.S. Treasury has admitted that it has 'lost' \$17.3 billion," and they equate that in pounds to \$11.7 billion, "because of shoddy bookkeeping, enough to buy a fleet of 8 B-2 stealth bombers and still have change for jet fuel."

Mr. Speaker, I would like to submit these two articles and also a letter that I have sent to Secretary Paul O'Neill.

Let me go a little bit further. In March, 2002, the Department of the Treasury released the 2001 financial report of the United States Government. This report included some shocking revelations about Federal Government expenditures. Specifically, on page 110 of this report, it is revealed that the Federal Government has unreconciled transactions totaling \$17.3 billion from the year 2001. Put simply, the Federal Government cannot account for billions of taxpayers' dollars that Americans paid in one fiscal year.

Mr. Speaker, as a Member of Congress, and my colleagues, I am sure,

feel the same and, more importantly, as taxpayers, I am frankly offended by these facts. With the war on terrorism costing about \$1.8 billion per month, this is not the time to be misplacing taxpayers' dollars. As I stated earlier, and I want to state again, the London Times said \$17.3 billion is enough to buy a fleet of B-2 bombers with spare change for fuel. Mr. Speaker, \$17.3 billion is the equivalent of two aircraft carriers and two air wings. If a company in the private sector managed its books in a similar fashion, someone would definitely be going to jail.

Last week, as I said earlier, I requested Secretary of the Treasury Paul O'Neill to account for these unreconciled transactions. Mr. Speaker, the American taxpayers look to us to be the leaders who protect and spend their money wisely, and I think we have a responsibility and an obligation to the taxpayers of this country to explain to them how we lost \$17.3 billion. It is unacceptable, and I am sure my colleagues on both sides of the political aisle will feel the way I do. We would expect an explanation to the fact that we have misplaced and lost \$17.3 billion of the taxpayers' money.

So, Mr. Speaker, I am going to close with that. But again, I do want to submit the two articles from the London Times, the New York Post, and my letter to Secretary O'Neill, and I do expect Secretary O'Neill to respond with some type of explanation. If I do not get a letter in the proper length of time, I intend to notify the committee of jurisdiction and ask that they hold a hearing on how we as a national government have lost \$17.3 billion of the taxpayers' money. The American people work hard for their money and they have a right for an accountability by this government.

[From the New York Post, May 28, 2002]

## BILLIONS LOST BY FEDS

(By John Crudele)

MAY 28, 2002.—Washington complains about deceptive corporate accounting. But the government last year misplaced an incredible \$17.3 billion because of shoddy bookkeeping, or worse.

Let me put that into numbers so you can fully appreciate the amount. It's \$17,300,000,000—the price of a few dozen urban renewal projects, a nice size fleet of warships or about have the tax cut that everyone made such a fuss about last summer. Disappeared. Gone. Nowhere to be found. In fact, the government's accounting was so atrocious that the General Accounting Office—another Washington agency—refused to give an opinion about the honesty of the government's books.

Did someone steal all that money? The government doesn't know. Was it simply misplaced? Dunno. Misspent? Your guess is as good as anyone's.

There's a certain bit of irony, of course, that Congress is raking companies like Enron, Arthur Andersen and others over the hot coals for falsified books when D.C.'s own records are pathetically inadequate.

As I mentioned in this column a couple of weeks ago, the government made an incredible admission a little while back in something called the 2001 Financial Report of the United States Government.

In that report, Treasury Secretary Paul O'Neill revealed that when the government uses the same accounting method that corporations are required to use, the federal deficit in 2001 was \$515 billion. Last fall the government said the budget had a surplus of \$127 billion.

Ah, yes, the good old days!

The huge deficit is mainly, the government says, the result of health benefits to military retirees. That's a cost the government conveniently forgot to include in its old accounting method, which had more to do with winning votes than providing a true financial picture of the country.

Anf that \$515 billion doesn't include all costs, especially Social Security. But we'll leave that alone because I don't want to depress anyone—especially myself.

I also said in that earlier column that the information on the deficit wasn't easy to find. O'Neill's letter was buried on the Treasury Department's Web site and the press release put out by the agency didn't mention the \$515 billion until paragraph 5.

(Treasury says all the press in Washington got a copy of the report and that it was adequately disclosed. It also said an undersecretary of Treasury had reported the numbers to a congressional subcommittee.)

Well, I sent my scavengers back into that Financial Report of the U.S. for another look and that's when we discovered the unaccounted for \$17.4 billion.

Follow me on this and I'll lead you to the still missing treasure.

Go to [www.USTreasury.gov](http://www.USTreasury.gov), click on Treasury Bureau on the left, then click on "financial management services."

If you've made it this far click on "Financial Report of the U.S. Government" for 2001 and download it.

Now find page 49. Look at the line that says "Unreconciled transactions affecting the change in net position." The figure in the 2001 column next to that is \$17.3 billion.

What that means is that when the accountants tried to balanced the government's books they came up \$17.4 billion short. Note 16 on Page 110 sort of explains.

That footnote says that the accountants had to pencil in \$17.4 billion that didn't exist (or was missing) in order to achieve a balanced government ledger.

The footnote adds that the mistake could simply be bad government record keeping or "improper recording of intragovernmental transactions by agencies."

Poor record keeping! Isn't that a gem.

I spoke with some of the folks at the General Accounting Office who audited the government's report. They were puzzled by the discrepancy and wouldn't sign off on the government's accounting because of that and other things.

"The left and the right side didn't equate," said one GAO auditor. When such a thing happens in the private sector, People go to jail. And a company's stock would fall by about 99 percent if its auditor didn't trust the books—just ask the felons-to-be down at Enron.

It is good that Washington must now adopt a corporate-like method of accounting for where it spends taxpayers' money.

But it would be even better if there were some recourse to the sort of sloppiness, arrogance or criminality that allows the government to come up \$17.4 billion short of balancing its books.

At the very least, maybe some corporate exec—as he's being hauled off to jail for accounting fraud—will hold aloft page 49 of the government's financial statement and footnote 16 and demand equal treatment.

[From the London Times, May 29, 2002]  
 US GOVERNMENT LOSES \$17BN IN ACCOUNTING  
 ERROR

(By Chris Ayres in New York)

As accounting errors go, it is a whopper. The US Treasury has admitted that it has "lost" \$17.3 billion (Pounds 11.7 billion) because of shoddy book-keeping—enough to buy a fleet of eight B-2 stealth bombers and still have change for jet fuel.

The admission, contained in the 2001 Financial Report of the United States Government, is likely to infuriate firms that have been targeted by the Bush Administration for sloppy accounting.

The misplaced cash is nearly 30 times greater than the \$600 million error in Enron's reported profits that led to the Texas energy company's spectacular bankruptcy last December.

It is thought that the accounting error led to a dispute between the US Treasury and the General Accounting Office, which was reluctant to sign off on the report.

Paul O'Neill, the US Treasury Secretary, writes in the introduction to the Financial Report: "I believe that the American people deserve the highest standards of accountability and professionalism from their Government and I will not rest until we achieve them." However, on page 110 of the Financial Report is a note that explains that the Treasury's books did not balance because of a missing \$17.3 billion.

The note says that "three primary factors" were responsible: the failure of government agencies to keep accurate books; errors in reporting various contracts between government agencies; and problems with the timing of certain costs and revenues.

It is not the first time that the US Treasury has been embarrassed by the kind of accounting problems that have spooked stock market investors. Because of new corporate-style accounting rules for the Government, the US Treasury's \$127 billion federal surplus, reported last autumn, turned into a deficit of \$515 billion, mainly as a result of the Government incorporating the cost of health benefits for those retiring from the US military.

America's finances have also been strained by last year's tax cut, the recession and increased spending after the September 11 attacks.

CONGRESS OF THE UNITED STATES,  
 HOUSE OF REPRESENTATIVES,  
 Washington, DC, June 6, 2002.

Hon. PAUL H. O'NEILL,  
 Secretary of the Treasury,  
 Washington, DC.

DEAR MR. SECRETARY: I write to you to bring to your attention a serious situation regarding 2001 Financial Report of the United States Government.

In March 2002, the Department of the Treasury released this report to the public and included are some shocking revelations about Federal government expenditures. As a member of Congress and, more importantly, as a taxpayer, I am frankly offended by these facts. Specifically, on page 110 of the report, it is revealed the Federal government has "unreconciled transactions" totalling \$17.3 billion from FY2001. Put simply, the Federal government has "unreconciled transactions" totalling \$17.3 billion from FY2001. Put simply, the Federal government cannot account for billions of taxpayer dollars that Americans paid in one fiscal year.

The report provides minimal data and information regarding these "unreconciled transactions". Not only is the Federal government missing \$17.3 billion, but there is no reason given for this loss. While I appreciate the Department of the Treasury's statement

"... the identification and accurate reporting of these unreconciled transactions a priority..." the fact remains the public nor the Congress has the requisite information on how this loss occurred.

What agencies were responsible for these "unreconciled transactions"? Will these transactions eventually be reconciled? If so, what is the timeline for the reconciliation? What agency or agencies will be responsible for the reconciliation? Will this reconciliation be available to the public when complete?

The Clinton Administration provided for an enormous erosion of Americans' confidence in their government. My hope is that these "unreconciled transactions" are nothing more than a bygone relic of the previous Administration. However, members of Congress and employees of the Executive Branch must be accountable to the American taxpayer and my constituents are demanding answers to these important questions.

Mr. Secretary, I believe someone must answer to the American people for this loss of tax dollars. I look forward to your answers regarding these "unreconciled transactions". Thank you for your prompt attention to this matter. Should you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

WALTER B. JONES,  
 Member of Congress.

#### CALIFORNIANS, LIKE FLORIDIANS, WANT TO PROTECT THE ENVIRONMENT FROM OFFSHORE DRILLING

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

Mrs. CAPPS. Mr. Speaker, a couple of weeks ago, President Bush proposed to buy back undeveloped oil drilling leases off the coast of Florida and in parts of the Everglades. The President cited considerable local opposition to new drilling in Florida as a prime reason for this decision. I fully support this bold step to protect the environment and the economy of Florida. And while the vast majority of Californians were very pleased with this action, we were left asking, what about California? Why can the Federal Government not take similar action on the 36 undeveloped leases off Ventura, Santa Barbara, and San Luis Obispo Counties that we have been trying to terminate for years?

Last week, Interior Secretary Gale Norton supplied the answer. According to the Secretary, a major difference between Florida and California is that Florida opposes coastal drilling and California does not. As the U.S. representative for Santa Barbara and San Luis Obispo Counties, and a nearly 40-year resident of the area, I was dumbfounded by this assertion.

My local paper, the Santa Barbara Newspress, editorialized today about what it calls Secretary Norton's "jaw-dropping" remarks asking, "What alternative universe is Ms. Norton living in?"

Mr. Speaker, I lived in Santa Barbara in 1969 when a huge blow-out on Union Oil's Platform A put 4 million gallons

of oil into the sea. The oil spill killed thousands of seabirds, seals, dolphin, fish and other sea life. It damaged for years a huge swath of the beautiful coast of Central California. The devastation was so great it galvanized Central Coast residents; indeed, it galvanized virtually the whole State against offshore drilling.

Clearly we were outraged by the damage to the environment and the wildlife. But we also realized that another blow-out could wreak havoc on our economy as well, especially tourism, fishing, and the many industries that rely on them. And Californians have become committed to ensuring it will not happen again.

As the Newspress noted, this "catastrophe helped spark an environmental movement that spread beyond Santa Barbara."

Since that time, some 24 city and county governments, including both Santa Barbara and San Luis Obispo Counties, have passed anti-oil measures. These laws usually either require voter approval before any new onshore facilities that support offshore drilling could be built or they ban them outright.

In 1994, the California legislature passed, and Republican Governor Pete Wilson signed into law, a permanent ban on new offshore oil leasing in State waters. In 1999, the State Assembly adopted a resolution requesting that the Federal Government enact a permanent ban on offshore oil drilling off the coast of California. I had introduced legislation to enact such a ban in 1998, and I have been joined by a majority of my California colleagues in supporting this legislation.

Most recently, Governor Davis and the California Coastal Commission have been in litigation with the Federal Government about new offshore oil drilling. The State is trying to ensure that Californians have a say in any new development of these 36 leases off the coast, a position with which a Federal court has agreed. Thirty-one Members of the California delegation signed my amicus brief on behalf of the State's position, and even the Federal Government has demonstrated its sensitivity to California's opposition to new drilling. After all, it was President George H.W. Bush who signed an executive memorandum placing a 10-year moratorium on new leasing in Federal waters off the California coast. President Clinton renewed and extended the moratorium until the year 2012. And Secretary Norton even restated this administration's commitment to abiding by this moratorium, an odd stance to take if she believes there is no real opposition to new offshore drilling in California.

Mr. Speaker, I have been leading a bipartisan delegation of California representatives in asking the President to work with us to terminate the leases off our coast. We wrote to him last week about this issue. Given the misimpression under which Secretary