

was determined that the fine young men and women who serve in our All Volunteer Forces should have the opportunity to earn educational assistance benefits, and his unwavering support and assistance were critical to our success.

After enactment of the GI bill, George continued to share his good advice and wise counsel with me and my staff. He was instrumental in the passage of legislation making the GI bill permanent, measures improving other veterans' education programs, and legislation that protected SAA funding and established a superb training curriculum for SAA McCullen left behind an enviable legacy. His was a life of good works, and I feel honored to have known him. I want to extend my deepest sympathy to George's wife, children, and grandchildren.

#### IN DEFENSE OF DIRECT LENDING

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Monday, December 11, 1995*

Mr. FRANK of Massachusetts. Mr. Speaker, recently I was discussing Federal policy toward higher education with one of the most thoughtful students of that subject, Father Bartley MacPhaidin, C.S.C., who's president of Stonehill College in Easton, MA. I have long found Father MacPhaidin to be an important source of information on educational policy. I was particularly struck in our conversation by his forceful advocacy of the direct lending program, and of the benefits it provides for the students, whose financial well-being has always been very high on the list of Father MacPhaidin's concerns. He was so cogent and persuasive on the subject that I asked him to share with me in writing some of his thoughts because I believe that providing the best method by which young Americans can receive a college education is a very high priority for us and I think all of our colleagues will benefit substantially from reading Father MacPhaidin's knowledgeable and thoughtful discussion of the benefits of this program as he and his college have experienced them.

#### IN DEFENSE OF DIRECT LENDING

Stonehill College was one of the 104 colleges chosen to participate in the first year of the new direct lending program for student loans. Today another 1500 institutions are in the program across the country. Based on Stonehill's experience of direct lending, the proposal in Congress radically to curtail or terminate direct lending should be resisted.

In the new program, students and families deal directly and solely with our financial aid office. No longer must borrowers negotiate the often confusing, frustrating and seemingly endless steps in the bank/school/guaranty agency loops to obtain student loans. In direct lending, the College determines eligibility originates loans, provides and processes promissory notes, requests and receives funds directly from the government and credits student accounts. Virtual one-stop-shopping.

Recently, a junior came to the financial aid office seeking funds to pay the rent on his off-campus apartment. The financial aid office immediately originated a Direct Loan, printed the promissory note on line, which the student completed in the office. Within one week, the funds were in the student's ac-

count and he received a check to pay his rent.

In the old program, the student would have gone to his bank, obtained a form, completed the form and sent it back to the bank, the bank would send it to the college for certification, the college would send the certified form to the guaranty agency, the guaranty agency would certify the guarantee and notify the bank. The bank would then, finally, cut the check and mail it to the college. The college would notify the student, the student would come to the financial aid office to co-sign the check which would then be deposited to his account.

Of course, he would probably have been evicted for non-payment of rent before this cumbersome process was completed.

Direct Lending helps students manage their debt better, enables them to borrow only as much as they need when they need it. In the past, the cumbersome bank/guaranty agency process has meant that students borrowed the maximum each time to be sure they had the money they needed when they needed it.

The bank/guaranty agency loop has also meant alumni may have confusion in the repayment cycle. Stonehill has an alumna who called recently to resolve a potential default status. She had borrowed each of her four years at Stonehill from the same bank. But that bank had "sold" her loans to three different servicing companies. She was finding it nearly impossible to figure out which bank holds her loans and how she could obtain payment deferments to attend graduate school.

All Direct Lending loans are "bundled" and handled by the same servicer. While Stonehill's current student loan default rate is only 2.5%, the new simpler system will prevent many defaults, here and nationwide.

There is controversy over whether Direct Lending is a savings or a cost to the taxpayer, the difference arising in large part from the use of different accounting principles. The banking lobby is strong and speaks in deafening tones. The only way to truly compare costs is to let the two systems operate side by side for at least ten years, allowing each school to choose the program which works best for it.

Then, using agreed accounting procedures, the true costs to taxpayers for each program can be assessed, the relative default rates compared, and a rational decision made to keep one or both programs. Stonehill urges the Congress to permit such an experiment to take place, allowing market forces to improve both programs while giving ample opportunity for fair comparison. Students, families, and taxpayers can only gain.

#### MARITIME SECURITY ACT OF 1995

SPEECH OF

HON. GREG GANSKE

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, December 6, 1995*

The House in Committee of the Whole House on the State of the Union had under consideration the bill H.R. 1350, to amend the Merchant Marine Act, 1936 to revitalize the United States-flag merchant marine, and for other purposes:

Mr. GANSKE. Mr. Chairman, I am opposed to H.R. 1350, the Maritime Security Act of 1995. I am disappointed that the House approved this legislation which will literally give away over \$100 million a year to the domestic ship-

building industry. This measure is corporate welfare at its worst. As we move towards a balanced budget by 2002, we should not undertake this wasteful initiative.

The Maritime Security Act of 1995 is an attempt to lengthen the phase-out of subsidies for the American shipbuilding industry. The Merchant Marine Act of 1936 created the Operating Differential Subsidy [ODS] Program. This program provided payments to carriers on specified trade routes to offset the higher cost of operating under the U.S. flag and was intended to maintain a U.S. merchant fleet. Unfortunately, rather than stimulate a vibrant domestic fleet, subsidies have resulted in an aging fleet of uncertain quality and reliability. Time has proven that this program was ill advised. Wisely, these contracts were set to expire over the next 3 years.

Unfortunately, instead of allowing the free market to reinvigorate and revitalize this sector of our economy, supporters of the U.S. shipping industry have developed a new program which will effectively extend the subsidies until the year 2005 at a potential cost of over \$1.2 billion. Adoption of this legislation will force the taxpayers to pay each U.S. ship more than \$2 million each year.

Perhaps even more amazing, the Maritime Security Act would remove the requirement that obligates U.S. shipping companies to make their vessels available to the Government in time of national emergency. Incredibly, the bill allows these companies to substitute similar size foreign-registered, foreign-crewed ships. The result, Mr. Chairman, is that U.S. taxpayers get virtually nothing for their tax dollar. Because of continued subsidies, the domestic shipping industry will remain inefficient and uncompetitive. Companies like Cargill or Con Agra shipping products like Iowa corn and grain will continue to face uncompetitive rates higher than the world average.

At this point, Mr. Chairman, I would like to submit for the RECORD a letter I received from Citizens Against Government Waste that summarizes the serious flaws in this legislation and makes the case why it should be defeated.

COUNCIL FOR CITIZENS  
AGAINST GOVERNMENT WASTE,  
*Washington, DC, December 5, 1995.*

DEAR REPRESENTATIVE: The 600,000 members of the Council for Citizens Against Government Waste (CCAGW) urge you to reject a new subsidy in H.R. 1350, "Maritime Security Act of 1995."

The current subsidized maritime system is set to expire in 1997, and in this time of fiscal restraint, it should not be renewed. Instead, for the first time in maritime subsidy history, U.S.-flag vessel operators will be able to collect both cargo preference and direct subsidies. Earlier this year, CCAGW applauded Appropriations Subcommittee on Commerce, Justice, State, and the Judiciary Chairman Hal Rogers, for refusing to fund H.R. 1350. Today, the Department of Defense relies upon a variety of resources to meet its sealift objectives. For example, according to

the General Accounting Office, during Operation Desert Shield only 15 percent of the 206 ships chartered by the Military Sealift Command were privately owned U.S.-flag vessels.

Since the 1930s, under the protectionist Jones Act, nearly \$10 billion has been spent on operating subsidies for the merchant marine industry. In addition, a handful of U.S.-flag vessel operators have annually reaped

\$500 million in cargo preference subsidies. Members of Congress have supported these subsidies under the illusion that they ultimately help maintain a healthy U.S.-flag fleet. Instead, the industry is hopelessly dependent on taxpayer subsidies.

Strengthening our national defense is a goal that CCAGW strongly supports, but it is not an excuse to extend maritime subsidies

that waste scarce tax dollars. We urge you to vote against H.R. 1350 and prevent the enactment of a new wasteful maritime subsidy. This vote will be among those considered for our 1995 Congressional Ratings.

Sincerely,

TOM SCHATZ,  
*President.*

## SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Tuesday, December 12, 1995, may be found in the Daily Digest of today's RECORD.

## MEETINGS SCHEDULED

## DECEMBER 13

9:30 a.m.

## Environment and Public Works

To hold hearings on proposed legislation authorizing funds for the Clean Water Act, focusing on municipal issues.

SD-406

## Labor and Human Resources

Business meeting, to mark up proposed legislation to authorize funds for the Older Americans Act, and to consider pending nominations.

SD-430

10:00 a.m.

## Armed Services

To hold hearings on the nomination of H. Martin Lancaster, of North Carolina, to be an Assistant Secretary of the Army, Department of Defense.

SR-222

10:30 a.m.

## Special Committee To Investigate Whitewater Development Corporation and Related Matters

To resume hearings to examine certain issues relative to the Whitewater Development Corporation.

SH-216

2:00 p.m.

## Select on Intelligence

To hold closed hearings on intelligence matters.

SH-219

2:30 p.m.

## Energy and Natural Resources

## Forests and Public Land Management Subcommittee

To hold hearings on S. 901, to authorize the Secretary of the Interior to participate in the design, planning, and construction of certain water reclamation and reuse projects and desalination research and development projects, S. 1013, to acquire land for exchange for privately held land for use as wildlife and wetland protection areas, in con-

nection with the Garrison Diversion Unit Project, S. 1154, to authorize the construction of the Fort Peck Rural Water Supply System, S. 1169, to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize construction of facilities for the reclamation and reuse of wastewater at McCall, Idaho, and S. 1186, to provide for the transfer of operation and maintenance of the Flathead irrigation and power project.

SD-366

## DECEMBER 14

9:30 a.m.

## Energy and Natural Resources

To hold hearings on S. 1271, to amend the Nuclear Waste Policy Act of 1982.

SD-366

## Governmental Affairs

To hold hearings to examine Federal Government financial management.

SD-342

## CANCELLATIONS

## DECEMBER 12

10:00 a.m.

## Armed Services

To hold hearings on the nomination of H. Martin Lancaster, of North Carolina, to be an Assistant Secretary of the Army.

SR-222