time for us to do what we were sent here to do, and that is balance the budget. In June we passed a historic piece of budget legislation, House Concurrent Resolution 67.

This budget resolution starts us on a glidepath to a balanced budget by the year 2002. If we reach that goal, it will be for the first time since 1969. But there is a problem. This glidepath is a resolution and it is not a binding law signed by the President. That means in effect, it is only a suggestion to future sessions of Congress.

In 1985, Congress passed Gramm-Rudman-Hollings, tying discretionary spending to deficit reduction. Unfortunately, the good intentions of that bill did not do much to reduce the deficit.

In 1990 we had another confrontation. In fact, in the 1990 confrontation with President George Bush, we increased the debt ceiling six times in about a 2-month period to encourage the administration to sign on to that particular agreement. That agreement did place caps on discretionary spending. Those caps are set to expire in 1998, and those caps are too high to allow us to achieve a balanced budget by the year 2002.

If we are serious about balancing the budget, let us put into law the spending caps of this year's budget resolution. That is what H.R. 2295 does. H.R. 2295 is my bill and we call it the Discretionary Spending Reduction and Control Act of 1995. H.R. 2295 amends the Congressional Budget Act of 1974, it amends the Gramm-Rudman-Hollings amendments by updating and extending discretionary spending caps and the pay-go requirements laid out in this year's budget resolution. It establishes into law this year's budget resolution targets for spending. These caps required by law will help ensure that we will stay on target toward a balanced budget by the year 2002.

Mr. Speaker, is Congress going to have the willingness to continue to cut spending? Let me give you a verbal description of the glidepath to a balanced budget. We are asking for a reduction in spending, somewhat slight, not very much reduction, in the first year and second year. The big cuts in spending and those requirements and pressures on Congress will be in the outyears of the fifth, sixth, and seventh year. I mean with the complaints and the criticisms and the agony that we have seen this Chamber exhort with the slight budget cuts this year, it is going to be absolutely tough in those outyears.

We have to have legislation that keeps us on that glidepath. I ask my colleagues to support H.R. 2295 that will put into law this year's budget resolution.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Maryland [Mrs. MORELLA] is recognized for 5 minutes.

[Mrs. MORELLA addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

ON ACHIEVING A BALANCED BUDGET

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. GOODLING] is recognized for 5 minutes.

Mr. GOODLING. Mr. Speaker, I rise today with some sense of sadness, and probably quite a bit of outrage. The administration, in its zeal to protect the President's direct student loan program and hide their failure to really do anything about balancing the budget, has been using scare tactics to frighten and mislead the American people in order to, I suppose, to strap them from the need to balance the budget.

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To do this, the administration has pulled out all stops. It has used Presidential public relation mechanisms at the taxpayers' expense to spread misinformation about our plans to balance the budget in 7 years.

Even the President has gone on the road with many of these misinterpretations of what it is we plan to do to balance the budget. So in an effort to set the record straight, I have sent a letter to the President asking that he publicly apologize to the America people for his scare tactics, and urging that he use all the methods at his disposal to set the records straight and level with the America people about what we are and are not going to do.

Mr. Speaker, I want to set the record straight at this time. Republicans are preserving, I repeat, preserving the in-school interest subsidy for undergraduate and graduate students, even though its elimination was recommended by the President's Budget Director, Alice Rivlin, in her suggestions as to how to balance the budget. We plan to only touch the interest subsidy for the 6 month grace period following graduation, and during that time no payments are made. The grace period will remain intact. The borrower will repay the interest accrued during that 6 month period, which will add about $4 a month to an average monthly student loan.

Republicans, on the other hand, are asking the private lenders to carry much of the burden for reforms in the loan program in order to achieve a balanced budget in 7 years. In fact, reforms to the student loan industry will save the taxpayers nearly $5 billion. We will eliminate the President's direct student loan program in order to save the American taxpayers more than $1.5 billion over 7 years, according to the Congressional Budget Office, which was the group that the President in his speech here on the floor told us we should be paying attention to.

We will not increase, I repeat, not increase, the origination loan fee paid by students, nor will we increase the interest rates on loans for students. We do not take away the interest rate reductions students are to receive for new loans effective July, 1988. We keep the President's budget proposal on Perkins loans, a revolving fund that perpetuates itself, adding no new funds, and therefore encouraging lower default rates by tougher collection efforts. Pell grant awards will be the largest in history in 1996 under our plan. The Supplemental Education Opportunity Grant Program, the work study program, will be funded at last year's level; no cuts.

We all know that the direct lending is a sacred cow to the administration. However, we cannot cling to a gold-plated direct student loan program and put welfare for the benefit of bureaucrats ahead of the needs of students.

One of the most outrageous statements I heard was that if we do not go the direct lending route, the Government will have to pick up 100 percent of the risk. Who in the world picks up 100 percent of the risk when you do direct lending? We not only pick up 100 percent of the risk, but we also have to borrow the money up front. We do not guarantee the loan, we borrow the money up front. We pay interest on the money we borrow so we increase what it is the American taxpayer has to do to carry that load.

We keep the President's budget proposal, as I said, on Perkins loans. now, what is the administration so afraid of that it would resort to these scare tactics? Well, again, I want to review one more time what we do, so that the students out there and the parents are not misled.

If the Congress fails to act now, by the year 2002 the national debt will exceed $6.5 trillion. That is a fact.

Another fact: Unless growth rates and mandatory spending are slowed, all Federal revenues will be consumed by a handful of programs.

Fact: Under the Republican budget resolution, the Federal budget will be running a surplus of $6.4 billion in the year 2002.

Fact: According to the President's 1995 budget, unless we gain control of spending, the lifetime tax rate for children born after 1993 will exceed 82 percent. The most important thing we can do for the children of today is to balance the budget. If we do that, we can reduce interest rates by 2 percent. That affects everyone. That affects those who have student loans; that affects those who have a mortgage; that affects those who are buying an automobile on time.

Fact: While balancing the budget, the maximum Pell grant award will increase from $2,340 in 1995 to $2,444 in 1996. Even while balancing the budget, annual student loan volume will increase from $24.5 billion in 1995 to $36 billion in the year 2002, a 47-percent increase.

Fact: Even while balancing the budget, the average student loan amount increases from $3,646 in 1995 to $4,300 in the year 2000.

Fact: In order to balance the budget, Congress does not eliminate the in-school interest subsidy for college students.

Fact: In order to balance the budget, Congress does not increase loan origination fees.

Fact: In order to balance the budget, Congress does not cut college work study.

Fact: In order to balance the budget, Congress does not cut supplemental education opportunity grants.

Fact: In order to balance the budget, Congress does not cut the TRIO program.

Fact: The President continues to claim that the direct student loan program saves the taxpayers $5.2 billion, while lowering interest rates and fees to students. But the Congressional Budget Office, who the President said we should listen to, says that the direct student loan program costs taxpayers over $1.5 billion, adding to the Niagara-size leak in Federal spending.

Mr. Speaker, I did not pick this fight on direct lending. I was here to cooperate, as we generally do on education issues. No one from the White House has ever contacted me in relationship to direct lending. What we said in direct lending was we would do a pilot program, and we would do a pilot program to see at the end of perhaps 7 years what is the best approach to the student loan program.

All of a sudden, the budget comes up from the White House, 2-year budget, direct lending, 100 percent in 2 years. We will not find out for 7 years whether anybody had the ability to collect. Oh, it is easy. Certainly certain universities and colleges love this business. All they have to do is give out the money. Who collects it? The Department of Education? I would be surprised if that would be successful.

But we are willing to do the pilot program. We did not change the rules. We did not change the direction we were going.

Fact: The Federal deficit results in up to a 2-percent higher interest rate for all Americans, including students.

Mr. Speaker, I want to get the facts straight so that the American people will not be frightened by scare tactics.

FACTS ON STUDENT LOANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from West Virginia [Mr. WISE] is recognized for 5 minutes.

Mr. WISE. Mr. Speaker, I appreciate the opportunity to address the House. I was listening to the distinguished chairman, and I just have to present the counterpoint to that, because I think this is going to be one of the most important issues that this Congress joins on the issue of student loans. I know that I participated in a rally this week at West Virginia University, and I am afraid that people are not quite as sanguine there about what the implications are. I am glad to hear some of the statements that were made, but, at the same time, I think we also ought to talk about what the implications are of this decision.

I know when I first raised these concerns just a few months ago, I was dismissed by those on the other side as well. There are no cuts intended. We know now, of course, that is not the case.

Let us talk about, for instance, what the elimination of deferral of interest even for graduate students can mean. It is estimated it can cost starting $6,000 adding to the lifetime cost of a loan and go up past that. Certainly someone trying to go to medical school or some of the other graduate level professions can incur large costs.

But let me say this: I heard a lot about balancing the budget. We are talking about $10 billion. I have had it up to here with everybody who wants to balance the Federal budget and then points to the family budget, and meanwhile they are unbalancing that. In West Virginia the tax cut proposed yields that much. You cannot see it, because it is 2 dimes; 20 cents a day is what the average cut will yield to two-thirds of the taxpayers in West Virginia. To those making over $100,000 a year, it will bring $7 a day. I do not have enough dollar bills to put in this hand to make the $7 a day.

What will be lost for a middle-income person, the student loan, for instance, it will be their ability to defer that interest that will be lost. What do we lose as a Federal Government? What do we lose as a Treasury? What do we lose as a society? What do we lose as an economy, besides the fact we may lose that student who might have found the cure for AIDS, or opened up the primary care clinic in rural West Virginia.

What we will lose as well is we will lose the ability of many people who are in college, if they are college graduates, to earn on the average 60 percent more than the non-4-year graduate. We will lose their ability. Yes, I understand we have been assured this will not affect the undergraduate student.

Where do the rest of the cuts come from? It is $10 billion, of which I understand $3 billion comes from the graduate student provision. Where does the rest come from, if it is so halcyon?

Mr. MCKEON. Mr. Speaker will the gentleman yield?

Mr. WISE. I yield to the gentleman from California.

Mr. MCKEON. Mr. Speaker, I really appreciate the opportunity to engage in this dialog, because what the gentleman is saying just is not true. I think it is probably just because the gentleman has not had a chance to see our proposal. But there is no elimination of the in-school interest subsidy for graduate students or undergraduate students.

Mr. WISE. The gentleman is now saying you are not going to affect the interest deferral on either graduate or undergraduate?

Mr. MCKEON. Correct.

Mr. WISE. Where do you make up your $10 billion?

Mr. MCKEON. OK. $1.2 billion comes from the termination of the direct loan program. $4.9 billion, and this is what is really interesting, because the other night the President in his speech said that we were cutting to help the bankers. In reality, we are going after the bankers and the lenders for half of this. $4.9 billion, we are decreasing their profit to make up half of the $10 billion. $3.5 billion comes from the subsidy for the interest from the time that they graduate until they have to begin paying the loan.

Mr. WISE. The 6-month period.

Mr. MCKEON. Right now, any student that wants, and this is really important, because I think some of this rhetoric is scaring parents and students needlessly, because as the President commented the other day, he said this should be a nonpartisan issue. It really should be. We should be working together on this.

We were talking about eliminating those subsidies. We found other ways to do it. The President was talking about eliminating those subsidies. This probably was first suggested in the memo from Ms. Rivlin. But we found ways to do it without eliminating those subsidies.

Mr. WISE. But then there is still a balance that has to be reached. There is not only $10 billion, as I understand it, that was originally considered out of higher education, then the Head Start, Title I and all of that, which is part of an overall pot. I am here keep it to higher education at this point. If the gentleman will continue on with where the balance of the cuts come from?

Mr. MCKEON. $3.5 billion from eliminating the interest subsidy for the 6-month period. In other words, right now a student, any student, can get a loan to go to school. Any student. If they meet the requirements, if their income is low enough and they meet the requirement, the Government will subsidize the interest while they are in school. That is the current law.

Mr. WISE. If the gentleman would let me recapture my time, let me just close by saying I will examine this. I do feel that these changes, assuming they are coming about in this way, show the power of grassroots pressure. I think it has been the reaction. I think we are going to need to talk about this some more, because we can agree on this: There are a lot of parents concerned, and justifiably so, about what the impact of these cuts will be.

FEDERAL ASSISTANCE WITH STUDENT LOANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. MCKEON] is recognized for 5 minutes.

Mr. MCKEON. Mr. Speaker, if the gentleman would like to continue this, what the program is, any student can have a loan and the Government will subsidize their interest while they are