Mr. SIMON. I ask unanimous consent, Mr. President, since we originally agreed to 45 minutes, that the time be extended to 12:45.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

STUDENT DIRECT LENDING

Mr. SIMON. Mr. President, Senator HARKIN and I are going to talk a little bit about direct lending and what is happening in the area of student aid. Here is an area where we can save real money. It is very interesting what happened when direct lending was under consideration. Sallie Mae, the student loan marketing association which we created—the chief executive officer of Sallie Mae, I say to the Presiding Officer and about to be Presiding Officer—they said that direct lending would cost the average school $219,000. Here is what they said in their letter of March 31, 1993.

> As a result of our indepth visit with 10 schools, it is abundantly clear that direct lending will mean increased costs, additional personnel, and upfront investment.

This is Sallie Mae. They had big ads about what a great job they are doing. And they have done some good.

(Mr. ASHCROFT assumed the chair.)

Mr. SIMON. What is the experience now that we have had direct lending? The experience, Mr. President, is that it cuts redtape, it eliminates layers of bureaucracy—how many speeches have we made about that on the floor—uses competition and market forces, and is simple and consumer friendly, promotes accountability, is flexible, and provides education opportunity.

My colleague from Iowa went to Iowa State University. Instead of having the experience that Sallie Mae talked about, Iowa State University has been able to shift four people from student loans over to other fields, and they have canceled eight computers, at a savings of $200 each month. Less bureaucracy; direct lending.

Here is a student newspaper. ''Direct Loan Ends Long Lines,'' from the Daily Egyptian of Southern Illinois University. The Milwaukee Journal, ''Direct Student Loans Pay Off.'' The Chicago Sun Times, ''Direct Loan Program Is Good Deal for All.'' The St. Louis Post-Dispatch—Mr. President, I know the Presiding Officer is familiar with that newspaper—''Loans Should Help Students, Not Bankers.'' The St. Louis Post-Dispatch is right.

''Student Loans: The Wrong Cuts, With This Vital Program Republicans Appear to Prefer a Wasteful Monopoly to Effective Competition.'' That is the Washington Monthly.

The University of Florida. Here is their experience in the first week of classes under the old program. They had $3.7 million in for students. Their first year under direct student lending, the first week they had $9.1 million. But this current year, $21 million in the first week. And it is similar in the other statistics here.

The University of Colorado in Boulder, under the old program, 3,068 loans disbursed; under the new program, the first year 4,800, the second year 6,500.

Here is a USA Today editorial: ''Banks Cash In, Taxpayers Lose on Loan Program.'' And then it says in a subheading in this editorial in USA Today, ''Congress in a sweet deal for the banks is on the verge of killing direct student loans.''

We hear a lot about unfunded mandates around here. If we go ahead with the bill that came out of our committee, Mr. President, what we are saying to the banks and the guarantee agencies is, ''You have an 80 percent monopoly, 20 percent will be limited for direct lending.''

In my State of Illinois, because they have seen what a good program it is, over half the loans right now are direct loans. It is interesting that not a single college or university that has gone to direct lending is moving away from it; not a single one anywhere in the 50 States, including Missouri and Illinois.

Unfunded mandates? What we are doing is we are imposing costs on universities if we do not take that 20-percent cap off and permit choice—that is all I ask. I am not going along with the administration that says it ought to be 100 percent direct lending. I recognize that would save money. But let us give colleges and universities the choice. Let competition prevail.

What did we do in order to somehow make the old program, the guaranteed loan program, appear to be a money saver? Well, in the words of the Chicago Tribune editorial, ''Cooking the books on student loans,'' that is what we did. We passed in the budget resolution a provision that said on the old guaranteed student loans, ''You will not count administrative costs, while you will on the direct loans.''

We asked CBO—and my colleague who is presiding, and I see my colleague from Michigan here—we asked CBO, ''If you don't take this rigging that took place in the budget resolution, if you just put under the old law what we would save or what it would cost''—under the old Congressional Budget Act the cost of going to this 20-percent limitation would be $4.64 billion instead of a phony savings—I heard Senator DOMENICI talking about phonying up numbers. That is what we did in a major way in order to protect the banks and the guarantee agencies. I think we have to do what is right.

Our former colleague—and, Mr. President, you did not serve with him nor did the Senator from Michigan—but Senator David Durenberger said, ''This is not the free market. It is a free lunch.'' He is talking about the old guaranteed student loan program.

Take a look at the numbers of Government personnel involved in the old program: 2,500 or more in the guarantee system, only about 500 under full direct lending. And this does not count college and university personnel. Every college and university says that a direct loan program reduces paperwork, reduces personnel demands. Just take a look at the personnel under the Federal Government and the guarantee agencies paid for by the Federal Government under the direct loan program and under the guaranteed loan program and add on top of this, Mr. President, the colleges and universities.

Now, why, if this is so obviously good, why are we having opposition? Why do we have this 20-percent limitation? The banks, my friends—and I am all for healthy banks; I have a house mortgage on my home in southern Illinois—the banks make more money on student loans than they do on house mortgages, on car loans, on any other enterprise other than on their credit cards. And they are interested.

And the guarantee agencies are interested. Take a look at what happens—forget all the other things—what happens on the collection of defaulted loans. Under the old program—Mr. President, I direct this to you because I know you are a fiscal conservative. Under the old program we want to guarantee 80 percent to the old programs. We say to these financial institutions, ''You get 27 percent on defaulted loans for collection.''

Take a look at what happens under the direct program. Instead of just giving people a monopoly, we put it out for competitive bidding. Do you know what it is turning out to be? Fourteen percent. You want to save money? Here are millions and millions of dollars that you can save.

Why are the guarantee agencies, which do not have—these are not stockholders. This is not private enterprise versus Government. It is Government versus Government. But the guarantee agency in Indiana, called USA Group—their CEO incidentally, Roy Nicholson's 1993 salary was $619,949, not too bad for an agency that does not have any private funds in it. We pay the President of the United States $200,000 a year. They are spending $750,000 to lobby against direct lending. This is just one group.

Let me tell you, this Guaranteed Student Loan Program was fine for its time, and I would say in fairness to these groups, they helped students when we were trying to find our way, but we certainly ought to do it the right way. I ask unanimous consent, Mr. President, to print in the RECORD a letter from the president, Dallas Martin, of the National Association of Student Financial Aid Administrators.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OCTOBER 16, 1995.

Hon. PAUL SIMON,
U.S. Senate, Dirksen Senate Office Building, Washington, DC.

DEAR SENATOR SIMON: On behalf of the National Association of Student Financial Aid Administrators (NASFAA) representing professional student aid administrators at over 3,100 postsecondary institutions across the nation, I am writing to strongly urge you to include in any floor amendment to the Reconciliation bill four provisions to benefit students and postsecondary institutions. We believe any amendment must include retention of the grace period for student loan borrowers; elimination of the .85 percent tax on annual school loan volume; allowing schools the choice to join in the Direct Loan Program without elimination of current participating institutions; and, retention of the current interest rate calculation and caps in the PLUS loan program. Each of these provisions is so critical for students and postsecondary institutions that NASFAA would seriously consider not supporting any amendment package that does not include each of these four provisions.

Retention of the grace period is important to ensure students do not have even greater loan debt as they begin their chosen careers. Depending on how much a student borrowed, elimination of the grace period would add up to $2,500 to their loan debt possibly leading students to alter career plans, default in greater numbers, or defer major life and consumer decisions for the future.

Every student in the country and every postsecondary institution would be affected by the .85 percent tax on a school's annual loan volume. If this fee is approved, postsecondary institutions would either cut their budgets in various areas leading to decreased academic or student services, or schools will pass this cost onto their enrolled students in the form of increased tuition or fees. This would be an unfortunate escalation of student costs imposed by Congress at a time when American families are already having difficulties financing postsecondary education.

NASFAA believes Congress should follow through on its earlier commitment to operate a Federal Direct Loan Program, along with the Federal Family Education Loan Program for a minimum five-year period. In 1993, when the William D. Ford Federal Direct Loan Program was authorized, institutions were assured this new program would operate for a minimum five-year period in order to determine whether such an approach might prove more cost-effective and efficient than the existing Federal Family Education Loan Program. For the first time in many years there is healthy competition occurring between the two Federal loan programs.

The quality of service being offered by both programs, however, is much better than it was with a single program, and students and institutions are being better served. Therefore, NASFAA supports inclusion in any amendment to the Reconciliation bill ''plus demand'' language to ensure postsecondary institutions have the freedom to choose the Direct Loan Program if that best serves the needs of its students. Under the committee-reported bill reducing loan volume to twenty percent, half of the current Direct Lending Program participants would be arbitrarily removed from that program. Further, the committee-reported bill would eliminate scores of schools from participating in the current award year since the legislation mandates a drop of Direct Loan Program volume to thirty percent in academic year 1995–96. This would not be a ''minor inconvenience'' to these postsecondary institutions that have invested heavily in changing operating procedures, hardware and software systems, and explanatory materials to students.

The cost of a PLUS loan could increase by as much as $5,000 unless this provision is stricken from the bill. This large increase could potentially lead to greater defaults in this program when combined with an increase in the PLUS loan cap or discourage parents from assuming their responsibility to pay for their children's postsecondary education expenses.

NASFAA is thankful for your leadership efforts to develop an amendment reducing the impact of cuts mandated by the Reconciliation bill. While we appreciate your efforts, again, NASFAA must strongly urge you to include in any amendment all of the above four elements benefiting students, families, and schools.

Sincerely,

DALLAS MARTIN,
President.

Mr. SIMON. Mr. President, they say what I think makes sense: Give people the choice. We are going to have an amendment to do precisely that.

Then, finally, Mr. President, the inspector general of the Department of Education testified that with these guarantee agencies who are handling Federal funds, we have $11 billion at risk. Indiana University, ''What we have learned'': Ninety percent less paperwork, this is under direct lending; 25 percent fewer errors, easier adjustments, faster disbursement.

Director of financial aid, University of Idaho:

> On registration day, we had 46 percent more funds available for students who did not have to wait for the whole process. Every school that has gone with the direct loan program sees it as a simpler program for students. It saves taxpayers money and provides the students with more options.

Kay Jacks, director of financial aid, Colorado State University:

> I can hardly talk about eliminating the direct lending program without crying. Students are happy, universities are happy. Why they want to cut it, I just don't get it.

Every college and university, I repeat, that has the direct lending program wants it to continue. Not a single one wants to back off.

It ought to be clear, Mr. President, that we ought to give colleges and universities choice, and when reconciliation comes up on the floor, there will be an amendment, I hope a bipartisan amendment, which will save money for taxpayers, save paperwork, give colleges and universities the choice. That is what it ought to be about.

One other not so minor point, Mr. President, under the old program, many, many students could not qualify. Under the changes we made when we first adopted this program, any student can qualify, including middle-income students. I hope we do the sensible thing.

I am pleased to yield the remainder of this time to my colleague from Iowa.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I thank Senator SIMON for his statement. I want to also thank him for being a great leader on direct lending all these years and especially the statement just made this morning.

I might differ one little bit from my friend and colleague from Illinois. I happened to have gone to college in the late fifties, and I remember a program came in under the Eisenhower administration. I did not have it my first couple years of college, but I had it in my last years of college, the National Defense Student Loan Program, a direct lending program. You went to the window and got your money.

I always thought it was a great program for a lot of reasons: You got your money right there. There was not a lot of hassle. It was right there at the school. And then when you got out of college, well, if you went in the military, you did not have to pay anything. No interest accrued on the loan during the time you were in college.

If you went in the military, no interest accrued during that time or if you went on to school after that. I am quite frank to admit that after college, I spent 5 years in the military and then 3 years in law school. I had a year's grace period after that. So no interest accrued for almost 9 years from the time I graduated from college.

For someone like me whose parents had no income at all—my father was on Social Security when I started college, very modest Social Security, we had no assets whatsoever—it was a godsend. So I always thought it was a great program.

Then we went to the guaranteed student loan program. Maybe it did work all right for a period of time. But, the banks, frankly, made a lot of money on that. Fine, good, that's their business. But why should we continue doing business as usual when we have a better way of doing it, and the better way of doing it is the direct lending program.

The Senator from Illinois started his comments by saying about how the long lines have dwindled. I always say one picture is worth a thousand words. This is at the University of Northern Iowa, one of our regent schools in Iowa. This is a picture last year before we had direct lending. This is the line for students to get their guaranteed student loans and get it processed. These are all the students that are having problems with their loans.

I was told the picture does not do it justice, because if you look back to the doorway, the line goes on down the hall. But you get the idea. There is a line of students waiting to get their guaranteed student loans. That was last year. They have now instituted direct lending.

Here is the same picture, same place, same financial aid office. No lines at all. No one waiting in line, and that has been the story at all of the schools in Iowa that have used direct lending. We have 38 Iowa schools right now. What I have heard from all of them is just positive comments about how the direct lending program is working. No lines, no hassle, students get their loans, and they are able to get about their business of studying.

Earlier the Senator from New Mexico was on the floor talking about the budget. We do have to bring our deficit down. No one is arguing about that. The Senator from Illinois has been a leader in the effort to reach a balanced budget and to get us moving toward a balanced budget. That is not the debate here. The debate is how we get there, out of whose hide do we take it? Who pays the most? Who sacrifices the most? That is the debate. I am sorry I have to disagree with my friend from New Mexico. He makes it seem as though the debate is whether or not we are going to have a balanced budget. That is not the debate. We all agree on the need to bring down the deficit. The debate is how, who pays, and what is the end result if one group pays more than the other.

I daresay that if we are going to take it out of the hides of our students, if we are going to make it tougher on middle-income and below-middle-income students to get a college education, then I daresay that our deficit will not come down, it will probably grow in the future. To get out of the debt we are in, we are going to need the best work force possible, the most motivated, and you are not going to get out of our debt situation, you are not going to lower our national debt by increasing the debt of students in college.

The Senator from Illinois—and, again, I commend him—has been a leader in this effort. I might also add, Mr. President, that Iowa State University, my alma mater, was one of the first 104 schools to participate in direct lending. Last spring, Earl Dowling, the financial aid director, testified at an oversight hearing on direct lending. He told the committee that ISU is running a larger loan program with fewer staff. That is not a bad deal. He has been involved in the administration and management of student financial aid programs for 23 years and said, ‘‘Direct lending is the first new program in those 23 years that was such a definite improvement over its predecessor.’’

The financial aid director for the University of Northern Iowa, Roland Carrillo, said that direct lending has been a ‘‘resounding success.’’ He said, ‘‘* * * there is no question that direct lending is the most efficient method of delivering financial aid dollars to students.’’

As the Senator from Illinois pointed out, in the collection of those loans later on, we pay less money under the direct loan program by putting out for competitive bids than we did under the old program. So, again, Mr. President, the direct lending program has worked. It is working well. The last thing we need to do is throw that overboard, in some kind of mistaken idea that somehow this is going to help reduce the deficit. Absolutely not. It is going to do just the opposite. I want to take most of my time, Mr. President, to talk about taxes and about the taxes that are being levied by the GOP’s proposal that will be before us here in the so-called budget resolution. There is going to be a lot of talk about cutting taxes. I understand there is a big tax break in that bill. But what is not going to be talked about, and what I want to talk about, are the hidden taxes that are included in that reconciliation bill that will be before us.

As I said—and I will keep repeating the argument—the debate is not about reducing the deficit. It is, who pays and how much do they pay, and does it reach a good result in the end? It will be middle-class working families already pinched that will be asked to pay these new hidden taxes, stealth taxes. Most Americans will get less, but pay more, so that a few people on the top can get a tax break.

People ask me, Mr. President, to describe what is going on in Washington these days and I say it is not easy to explain it. When ideology gets ahead of common sense, when I see the agenda of these extremists, I have to say they have turned the Nike add slogan on its head. You know, the ad that says, ‘‘just do it.’’ I think the new motto for the GOP ought to be, ‘‘just undo it.’’ Do not analyze, do not question, do not even have hearings, just undo it. Undo laws that give our seniors quality health care. Undo laws to protect workers on the job, and undo our Nation’s commitment to quality education.

The GOP says provide more tax breaks for the wealthiest. Pump billions more into the Pentagon—$7 billion more than they asked for. Put education on the chopping block. To that, I say: We have been there, we have done that. We tried that in the 1980’s, and it dug us into the biggest debt hole our Nation has ever been in. Let us use some common sense and cut down the spending for the Pentagon. Let us cut the waste, fraud, and abuse. Let us cut the tax breaks.

We do not need tax breaks now. I figured it out. It would be maybe a dollar a day, at the most, to people in the upper income brackets. I do not know what they are going to do with that—maybe buy another Big Mac and a Coke. You cannot even get that for a buck anymore. Maybe you can get a giant Coke. In downtown Washington, maybe you can get a cup of coffee. Maybe it will buy an extra cup of coffee a day. That means if we are going to have those tax breaks, we are going to have these hidden taxes on student loans.

The budget proposal cuts about $11 billion from student loans. This will result in increased student debt, a new direct tax on schools, elimination of the successful direct lending program, about which Senator SIMON spoke. The GOP plan adds an extra $700 to $2,500 of debt per student. How? By eliminating the interest subsidy during the 6-month grace period. People say, well, that is not a big deal, 6 months. Well, it is a big deal. When you are out of school and trying to find a job and jobs are hard to find, and maybe you want to get married and start raising a family, you bet it is a big deal. Well, you say maybe it is a little bit of a hit.

This is the seventh time, Mr. President, since 1981, we have increased the cost of student loan programs. It is always just a little bit, a little bit, and a little bit, until finally the straw breaks the camel’s back. That is what is happening here. Not only is it more than just a little bit, what is worse about it is that the lower income the student, the higher their debt load. Why? Well, the poorer student borrows the most money, so they have the most debt. They get out of school and have to start paying interest during the grace period, and they have to start paying more money right away than higher income students. What kind of sense does that make? Well, also, the GOP plan adds up to $5,000 in additional costs for families who use the PLUS loan by raising interest rates, and a new Federal tax of 0.85 percent on colleges and universities participating. Well, they say that is not much. But it is a lot when you look at a college in my State of Iowa. Where are these colleges going to get it? They have to pass it on to students. The plan will also force at least half of the schools participating in the direct student loan program out by rolling back the successful program.

So we are going to hear a lot about tax breaks. How about the taxes that are in the GOP plan? Taxes on students, taxes on their families, taxes on the schools. All of it added together—you can say, this is a little bit here and here. But you add it all up, and it is a direct assault on higher education, a direct assault on middle and lower-income students having the ability to go to college, and to get ahead and to work and be productive members of society and help us reduce the deficit in our country.

Mr. President, I heard a comment a week or so ago in the committee about how students are going to have to sacrifice, too, because we have this big debt and we have to reduce the debt. As I said, we all want to reduce the debt. I think we ought to think about this and look at history a little bit. I know the occupant of the Chair heard me say this because he was in the committee when I said it. I will say it again because it needs repeating and repeating and repeating. Right now, our debt to gross national product is somewhere in the neighborhood of 70 to 75 percent. That is bad. I am not saying that is good. That is bad. It ought to be reduced. As our gross national product goes up, we have to start reducing that debt so that gap widens. Well, we had another period of time when our debt to gross national product was bad. That was after World War II. Our debt was actually greater than our gross national product.

Now, did President Truman and the Congress stick their heads in the sand and say, oh, my gosh, our debt is more than our gross national product, so we cannot afford student loans, to send kids to college? No. What they recognized was that the best way out of the debt situation was to send kids to school. So President Truman and the Congress passed the GI bill.

Now, I just might point out, in 1945 our debt was 122 percent of our gross national product. This year it is estimated to be 69.9 percent. I was close, 70 percent.

What happened, in 1945, our debt was 122 percent of gross national product. They passed the GI bill. Mr. President, this was not even a loan. They gave the money to them. They built housing all over America, sent the kids to school, and did not ask them to pay back a cent.

Did they pay us back? You bet they did.

Mr. SIMON. Would my colleague yield?

Mr. HARKIN. I am happy to yield to the Senator.

Mr. SIMON. I think the point is extremely important. The GI bill was a grant. If you were to take the average grant and put the inflation factor on it, today it would be a grant of $9,400—an incredible amount. There is not a school in Iowa or Illinois or any other State where students get that kind of a grant.

Let me point out one other little bit of history that I did not know. The immediate past national commander of the American Legion stopped in my office last week and he said in the old GI bill which we all—everyone looks back to and said what a great thing it was—the American Legion and the other veterans groups were in a fight. The other veterans groups wanted a cash bonus instead of the GI bill for education. The American Legion prevailed.

Ironically, we are going through the same fight today. Is it a cash bonus of tax reduction, or do we put the money into education?

We ought to learn from history. The lesson from history is that the Nation benefits when instead of a cash bonus we put the money invested in education.

I thank my colleague for yielding.

Mr. HARKIN. I thank the Senator from Illinois for pointing that out. That is a good lesson in history. I was unaware of that.

What the Senator said, if you took the GI bill, what they gave as a grant to those students to go to college, in today's dollars, it would be $9,400—a grant to go to college. I do not know of any grant program around that is anywhere near that. Pell grants are down to about $2,000, if I am not mistaken.

Mr. SIMON. Pell grants are about $2,400, and you have to be below a certain income level. Most students do not qualify.

The GI bill was available to everyone no matter what your income was. Of course, you had to be a veteran.

Mr. HARKIN. There were no income guidelines. They just gave the money to students to go to college.

I point out because it is interesting another little tidbit of history. These students went to college, got out. They made higher incomes—probably the greatest period of productivity, inventiveness, innovations, in our Nation's history and the world's history.

The debt in 1945 was 122 percent of our gross national product. By 1981, it had gone down to 33 percent—the lowest point that we had ever had. I think that is because we were riding on the shoulders of those GI's who went to school and got an education and produced this miracle of innovation and inventiveness in America.

I think if you look at what has happened since 1981, we have retreated and gone the other way in education. We are making it tougher. As I said, Mr. President, seven times since 1981 we have taken a hit on students, and made them pay more, make it more costly to go to college.

What is happening? Our national debt keeps getting bigger and bigger and bigger. I am not saying that is the only cause. There are a lot of other causes.

I will say this: Unless and until we invest upfront in education and in higher education and in making sure students can go to college and not be burdened with heavy debts themselves, unless and until we do that, we will never get out of our deficit situation.

I do not care what we do around here. You can cut programs, you can cut all the things the Government does, but if our productivity does not stay high, if we do not have the kind of high paying jobs that are going to take us into the next century, forget it. We will not work ourselves out of this debt.

Mr. President, I went to college under a direct loan program, as I said. I went up to the window, got a direct loan. I did not have to pay it back for about 9 years. I had the GI bill when I went to law school. I still had the GI bill available to go to law school. I did not have to pay it back. They just gave me money to go to school.

Well, I think it is time we learned from that. All I can say is I understand that the Speaker of the House also went to school under that kind of a program. All I can say, if it was good enough for the Speaker of the House, it ought to be good enough for students today. It was good enough for me, it ought to be good enough for students today, too.

Here is what is happening in Iowa with the student debt. Right now, this is a percentage of financial aid dollars awarded as loans out of the total financial aid grants and everything, percent as loans. Here at the University of Northern Iowa, at the top, it has gone from slightly over 40 percent to almost 60 percent. This is a regent school, not a private college. Here is Iowa State, which went from about 34 percent to 48 percent, my alma mater. That is from 1991 to 1995, not a long period of time, 3 to 4 years.

Here is the University of Iowa, which went from about 28 percent to about 38 percent—again in the last 4 years. So what has happened is that students are taking on bigger and bigger debt loads, all the time making it tougher for them to pay it back.

Now, it has another impact. Right now, indebtedness for a student graduating from the University of Iowa last spring is about $11,278; from Iowa State, $14,900; the University of Northern Iowa, $14,681. On average they pay about $170 per month for student loans.

You say that does not sound like much. Sure it does. You know what a starting salary for a secondary schoolteacher in Iowa is? About $18,000 a year. That $170 a month they are paying they could be using to buy a home, maybe even to buy a new car, to maybe get their lives going and start building our economy. But no, they be will saddled with more and more debt to pay for their education.

Grant aid has declined at our three universities in Iowa. It was 30 percent in 1990, and now is down to 25 percent.

Instead of creating more debt per student, why not go after the deadbeats who owe about $50 billion to the U.S. taxpayers in nontax debt? There is a lot of debt out there that people owe the Federal Government. I am not just talking students but a lot of people. We ought to go after those rather than hitting the students.

Finally, I just wanted to bring this to an end and close my remarks by showing what it means for an individual. The average loan on a per-student basis at the University of Northern Iowa, our smallest regent school in the State of Iowa, the average loan indebtedness, in 1992 was $2,589. Now it is $4,395 per student basis.

When they graduate, the indebtedness will be $14,641. But this is the average debt per student, per year at the University of Northern Iowa; not quite doubled, but pretty darned close to doubling in just the last 4 years.

So, yes, the debt of the United States is bad. We have to reduce our deficit and our total debt. We do want to reach a balanced budget. But the way the GOP is going about it with their reconciliation bill, especially how they are hitting students, is going to cause more debt in our country, less productivity, less ability for us to raise our gross national product and get out of this debt. It is almost as if the proponents of our reconciliation bill with all of the cuts they have, taking away the direct loans for students—it is almost like, ''We are in debt, so let's go to debtors prison.''

That is not the answer. The answer is to provide our people in this country with the wherewithal to earn more, make more, climb that ladder of opportunity and success, pay more when they earn more so more revenue comes into the Government, so we are able to make better products and sell better products and compete around the world. That is the way. That is the way out of the mess we are in. This GOP proposal, I must say in all frankness, is a ''stick your head in the sand'' approach to the deficit problems we have in America.

The Senator from Illinois has it exactly right. By keeping our commitment to direct student loans, we are saving a bundle of money. We are making it easier for students to go to college. Beyond that, we have to do whatever we can, I believe, to point out the hidden taxes in the GOP proposal: The taxes on students, the taxes on their parents, and the taxes on the schools. This is a direct hit at education in this country. All for what reason? To reduce the deficit? No. To pay for a big tax break that might amount to about a dollar a day, about a dollar a day for people in upper-income brackets. What a foolish waste of money.

If we want to use our money wisely, put it into education. I thank the Senator from Illinois for yielding me this time.

Mr. SIMON. Mr. President, in the 2 minutes that are remaining, let me just thank my colleague and underscore what he is saying. We face, really, the same choice we faced right after World War II. The Presiding Officer was not here when it was mentioned. The GI bill, which we look to now with so much pride, was a matter of great controversy. The American Legion wanted the GI bill. The other veterans groups wanted a cash bonus. And now we face the same question: A cash bonus in a tax reduction or investing money in education?

I am pleased the Senator from Iowa, along with the Senator from Washington, are among those who voted for a balanced budget constitutional amendment. Our experience with legislative efforts is they last about 2 years and then there is too much political drag.

The particular difficulty of this approach right now, with the tax cut, is without a constitutional amendment, basically the budget amendment that we adopted—and in the Budget Committee, I voted along with the Senator from Washington for that goal of balancing in 7 years—but it is like a New Year's resolution on a diet. Only we are going to start the diet with a great big dessert called the tax cut.

What we are saying here is, let us see if we cannot get bipartisan agreement to reduce that dessert just a little bit. Let us take $10 billion of that dessert and put it into education. And we are going to have a much better country if we do it. That should not be a partisan thing. We ought to be able to agree on that across the aisle and I hope we can work something out on that line.

Mr. HARKIN. If I might just ask the Senator from Illinois, all this talk about these tax cuts—what the heck, I will be honest about it, I have friends who make over $100,000 a year, because the Senator from Illinois is a friend of mine. We are paid more than that every year, the Senators. But I have friends who make more than $100,000 a year. I will be frank about it. I have not had one person come to me and say they need a tax break; not one.

I would ask the Senator from Illinois, has he had anyone coming to him begging for tax breaks?

Mr. SIMON. I share that experience, including people who make many times what the Senator and I make, who tell us this really does not make sense.

Mr. HARKIN. It does not make sense.

Mr. SIMON. I commend our colleague, Senator FEINGOLD from Wisconsin, for leading a fight on this. We are going to have an amendment on this on the floor. I hope sounder heads will prevail.

We all love to hand goodies out. But this is a time for restraint and not handing goodies out, and certainly not taking back from educational opportunity.

Mr. President, I see I am getting a signal up there our time is expired. I thank my colleague from Iowa again.

RECESS

The PRESIDING OFFICER (Mr. GORTON). Under the previous order, the Senate stands in recess until 2:15 p.m.

Thereupon, at 12:45 p.m., the Senate recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. COATS).

The PRESIDING OFFICER. The Senator from Missouri.

APPOINTMENT OF CONFEREES—H.R. 4

Mr. ASHCROFT. Mr. President, I understand the Chair is prepared to appoint conferees on behalf of the Senate for H.R. 4, the welfare reform bill.

The PRESIDING OFFICER appointed Mr. ROTH, Mr. DOLE, Mr. CHAFEE, Mr. GRASSLEY, Mr. HATCH, Mr. MOYNIHAN, Mr. BRADLEY, Mr. PRYOR, and Mr. BREAUX; and from the Committee on Labor and Human Resources for the consideration of title VI and any additional items within their jurisdiction including the Child Abuse and Protection Act title: Mrs. KASSEBAUM, Mr. JEFFORDS, Mr. COATS, Mr. GREGG, Mr. KENNEDY, Mr. DODD, and Ms. MIKULSKI; and from the Committee on Agriculture, Nutrition and Forestry for the consideration of items under their jurisdiction: Mr. LUGAR, Mr. DOLE, Mr. HELMS, Mr. LEAHY, and Mr. PRYOR conferees on the part of the Senate.

CORRECTING THE ENROLLMENT OF H.R. 402—MESSAGE FROM THE HOUSE

Mr. ASHCROFT. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of a message from the House to accompany Senate Concurrent Resolution 27.

There being no objection, the Presiding Officer laid before the Senate the following message from the House of Representatives:

Resolved, That the resolution from the Senate (S. Con. Res. 27) entitled ''Concurrent resolution correcting the enrollment of H.R. 402'', do pass with the following amendment:

Page 1, line 2, strike all that follows after ''That'' to the end of the resolution and insert the following:

the action of the Speaker of the House of Representatives and the President pro tempore of the Senate in signing the bill (H.R. 402) is rescinded, and the Clerk of the House of Representatives shall, in the reenrollment of the bill, make the following correction:

Strike section 109.

Mr. ASHCROFT. I ask unanimous consent that the Senate concur with the House amendment and that any statements relating to the resolution be placed at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ASHCROFT. Mr. President, I observe the absence of a quorum.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. Will the Senator withhold that request?

Mr. ASHCROFT. Yes.

The PRESIDING OFFICER. The Chair recognizes the Senator from Maryland.

ABSENCE OF SENATOR MIKULSKI

Mr. SARBANES. Mr. President, as many of my colleagues know, our colleague, Senator BARBARA MIKULSKI, was robbed Sunday evening in front of her home in Fells Point in Baltimore. She was knocked to the ground in the course of this robbery and injured her hand. We expect she will be back tomorrow, and she asked that I share with our colleagues this statement of hers:

I regret that I will be necessarily absent today, as I recuperate from Sunday's unfortunate experience. While I share the pain and anger of other victims of this type of crime, I have been heartened by the many good wishes I received from my friends and colleagues. I look forward to returning to duty tomorrow.

I know my colleagues look forward to having her return to duty tomorrow, and I know they join me in wishing Senator MIKULSKI a very speedy recovery.

I thank the Chair and yield the floor.

CUBAN LIBERTY AND DEMOCRATIC SOLIDARITY [LIBERTAD] ACT OF 1995

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 927, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 927) to seek international sanctions against the Castro government in Cuba, to plan for support of a transition Government leading to a democratically elected Government in Cuba, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Dole amendment No. 2898, in the nature of a substitute.

Ashcroft amendment No. 2915 (to amendment No. 2898), to express the sense of the Senate regarding consideration of a constitutional amendment to limit congressional terms.

Ashcroft amendment No. 2916 (to amendment No. 2915), to express the sense of the Senate regarding consideration of a constitutional amendment to limit congressional terms.