

doing this in two years no matter what happens.”

The fate of direct lending in Congress this fall may have more to do with partisan politics than with the merits of either the old guaranteed student loans or the new direct loans. What Bill Goodling objects to the most, it seems, is what he describes as a White House ploy to turn direct lending into “the cornerstone of this president’s term in office.” He points to the multimillion-dollar Education Department publicity campaign—including television commercials, print ads and millions of individual letters to borrowers—trumpeting the merits of what it calls “President Clinton’s New Direct Student Loan Program.” Are the Democrats playing politics with student loans, too? Secretary of Education Richard Riley defends the advertisements, noting that “if the program was a failure, it would surely be President Clinton’s program.”

With both Democrats and Republicans intent on turning direct loans into a political football, students may find themselves facedown in the dust. Which is a shame, because, as Richard Riley puts it, “borrowing is easier and faster, and students I talk to are almost elated about the difference. And it’s clearly a savings for taxpayers.” The banks and guarantee agencies that disagree with Riley are already having their say in Congress; students, so far, have been silent.

Mr. SIMON. Mr. President, it says:

State by State, the guarantee agencies’ record of fraud, conflict of interest and other abuses demonstrates that they are as cavalier with taxpayer dollars year-round as they are with loan checks at the beginning of the semester.

Another quotation:

The fate of direct lending in Congress this fall may have more to do with partisan politics than with the merits of either the old guaranteed student loans or the new direct loans.

It should not be political. One of the things—and I am sure the Senator from Oklahoma, who is presiding, has heard me say this before—one of the things that is bad about Congress, worse than when I came to Congress 21 years ago, is the increasing partisanship on both sides. Both parties are to blame. But this is an issue that should not be partisan. It was originally conceived of by Congressman Tom Petri of Wisconsin, a Republican. I took the idea from him and introduced it in the U.S. Senate.

It is interesting, the “BOND Buyer,” a publication also I do not read regularly, I have to say, Mr. President, talking about this new agreement of a 10-percent limit, says:

This is an important step in the right direction for State guarantee agencies.

I want to take an important step for students, for colleges and universities.

It also points out that these agencies have tax-exempt bonds for those who are interested in the tax-exempt bond market. One of the pluses of direct loans is, frankly, they do not use tax-exempt bonds, so the Federal Treasury gets additional income, one of the things that is not calculated in this skewed calculation we make.

This is one program the President of the United States really understands. He came to my office when he was a candidate, and we talked about this. He gave a speech at Georgetown Univer-

sity about direct lending and how we have to simplify loans and reduce the paperwork and do a better job for the students of the United States. He spoke about it frequently on the campaign trail. He was down in Carbondale, IL, which is near my home, just a few weeks ago at Southern Illinois University and spoke about the program. He has spoken about it at Rutgers and elsewhere.

I hope when we get past the Presidential veto; that we sit down and ask ourselves, No. 1, what is best for the students; No. 2, what is best for the colleges and universities; and No. 3, what is best for the taxpayers. I think if we ask those three simple questions, then I hope we will come to the conclusion the best way is to give people the option: If you want to go with the old program, you can go with the old program. If you want to go with the new program, you can go with the new program. But to say to the schools in Oklahoma and Illinois, three-fourths of you who like the new Direct Loan Program, three-fourths of you are going to have to get rid of that program, I do not think we should do that. Talk about unfunded mandates. They not only reduce paperwork, they reduce the work of personnel in colleges and universities. That is what we ought to be about.

So, Mr. President, I hope we do the right thing after we get through this first phase of reconciliation that is going nowhere, and then sit down and work together and come up with what is sensible for the students, for the future of our country.

It is interesting that some years back, prior to your being here or my being here, Mr. President, right after World War II, there was a big debate among veterans organizations. The American Legion wanted to have an education program, and the other veterans groups wanted to have a cash bonus. Fortunately, the American Legion won out, and we had the GI bill, which has been a huge plus for the country. If we had had the cash bonus, it would have been frittered away, and we would have gotten nothing out of it.

We kind of face the same thing now. Do we cut back on assistance to students, or do we have this tax cut? The tax cut is \$345 billion, and the cutback on students is only \$10 billion. We can have both, but I do not think you build a better, finer America by cutting back on educational opportunities.

#### THE 30TH ANNIVERSARY OF THE HIGHER EDUCATION ACT—AN UNHAPPY BIRTHDAY

Mr. KENNEDY. Mr. President, 30 years ago today President Johnson signed into law the Higher Education Act of 1965. I served on the committee that approved the bill, and it passed the Senate by voice vote, without opposition.

When he signed the bill at Southwest Texas State College, in San Marcos,

TX, President Johnson noted that: “The President’s signature upon this legislation passed by Congress will swing open a new door for the young people of America. For them, and for this entire land of ours, it is the most important door that will ever open—the door to education.”

Yet today, for the first time in 30 years, we are in danger of closing that door. The Republican budget proposes the largest education cuts in the Nation’s history—\$36 billion over the 7-year budget period. This is an extraordinarily severe cutback that will harm schools and colleges, parents and children across the country.

Under the Republican plan, student loans for college will be cut by \$4.9 billion. The remainder of the cuts will come from Pell grants, College Work Study, Head Start, Title One, Goals 2000, and other initiatives that Congress has passed with strong bipartisan support.

This is no time to cut education. When we passed the Higher Education Act, the post-war baby-boom students were entering college in record numbers. In the years ahead, the sons and daughters of that generation will be applying to colleges in record numbers—yet Congress will be slamming the door on them.

The Republican budget means that 1,000,000 students will lose the chance for Pell grants, or see them reduced in value by 40 percent. It will dismantle the direct loan program that has brought lower costs and better service to students and colleges. It will slash aid to public schools across the country. Cutting education as we enter the information age is like cutting defense at the height of the cold war. It is wrong, and it makes no sense.

For 30 years, we have honored the principle that education is the key that unlocks the American dream. On this anniversary, I urge Congress to recommit itself to that fundamental principle. There is still time to do the right thing for education in the current budget battle.

#### THE 30TH ANNIVERSARY OF THE HIGHER EDUCATION ACT

Mr. SARBANES. Mr. President, today marks the 30th anniversary of the enactment of the Higher Education Act of 1965 and I am pleased to take this opportunity to comment on what is, in my view, a truly landmark piece of legislation in this country.

Every nation puts a premium on education in order to develop the skills and talents of its people in order to succeed in a modern, complex economic society. That is true whether the country is governed as a democracy or a dictatorship or somewhere in between—each is concerned with enhancing the skills of its people in the workplace. Improving the skills of the American worker and providing education opportunities for all are goals which epitomize the spirit of what it

means to be an American. They are worthwhile, honorable goals that have always been a priority of this Senator.

The Higher Education Act, enacted in 1965 to provide disadvantaged students with greater educational opportunities, recognized the shared benefit of providing every American a chance to maximize his or her potential. As a result of the passage of this legislation, doors have been opened to millions of citizens who otherwise would not have had the access or the resources to obtain a higher education. Although the act has been amended over the years through the reauthorization process, the central purposes of the legislation has remained the same—to ensure access, choice and opportunity in higher education.

In light of the tremendous success of this legislation, I am disturbed by the draconian budget cuts being advanced by the current congressional leadership which would effectively undermine the directives of the Higher Education Act. It is particularly distressing when you realize that those who are now seeking to draw back from the American commitment to education through the cuts included in budget reconciliation are, at the same time, propounding the necessity for America to compete more successfully in the world's economy. In my view, they are asserting a basic contradiction. Our success as a competitor in the world's economy rests upon educating our future generations.

Republican budget proposals would dramatically decrease educational opportunity in order to finance tax cuts for the wealthy and to meet arbitrary deficit reduction targets. In my view, Republican budget proposals clearly renege on our historical commitment to improving access to higher education by placing an undue burden on students and their families over the next 7 years. It makes little sense to cut investments in programs which give people the skills to function in a modern, complex society. It makes even less sense to do so in a document which is repeatedly purported to be a budget for our Nation's future.

As you know, the Senate was successful in eliminating several of the more onerous provisions in the education portion of the budget reconciliation—including the .85 percent tax on colleges and universities on their Federal student loan volume, the 6-month post graduation interest-free grace period on student loans, and the interest increase on PLUS loans. However, I remain concerned about what will be contained in the final package.

I also regret that efforts to retain current law with respect to the Federal direct lending program were unsuccessful. The Republican budget plan severely curtails the Federal direct lending program by placing a 20 percent cap on loan volumes. The Department of Education estimates that by the close of the current academic year, direct lending will represent between 35-40 percent of this year's student loan vol-

ume. Should this provision become law, nearly half of the students involved in the direct loan program will have their financial aid disrupted, subjecting them to additional conversion fees and the tremendous anxiety involved in having your financial aid in question.

I have heard from students and educators from across Maryland who have expressed their deep concern about proposed modifications to the direct lending program. One of the first campuses to offer direct lending to its students is in my hometown of Salisbury. The president of Salisbury State University, as well as the chancellor of the University of Maryland System—which enrolls more than 130,000 students, strongly support the direct lending program as beneficial to both students and university administrators.

Mr. President, education in this country has always provided an essential ladder of opportunity for our people and the Higher Education Act has been and continues to be a critical rung in this ladder. In a nation which believes that a person's merit and talent should take them as far as they can go, we must continue to foster a path which allows them to maximize this potential. Many of us here today have benefited from this philosophy and have achieved certain levels of success as a direct result of the opportunities afforded by such principles. It is ironic, at best, that many of those who have utilized these opportunities to advance themselves are now trying to severely limit them for others through draconian budget measures.

As we commemorate the enactment of the Higher Education Act of 1965, it is important to understand that the value of programs authorized by this bill cannot be measured simply in terms of dollars spent. Without Federal support, millions of Americans would not have been able to attend college or receive the advanced training required to make them contributing, productive members of society. If this Nation is to continue to thrive in an ever-evolving global economy, we must not underestimate the value of the Federal Government's commitment to higher education. The celebration of the passage of this bill affords us the opportunity to reaffirm the Federal role in making certain that education remains a top national priority.

#### THE 30TH ANNIVERSARY OF THE HIGHER EDUCATION ACT

Mr. PELL. Mr. President, 30 years ago today, president Lyndon B. Johnson signed into law the Higher Education Act. We should not let this anniversary pass without recognizing the profound effect this act has had in opening the doors of higher education for millions of deserving Americans who otherwise would have found a college education beyond their financial reach.

I have said many times that education is a capital investment. No

piece of Federal legislation is more compelling evidence of the benefit of that investment than is the Higher Education Act. Every study we know demonstrates that an individual's climb up the economic ladder is directly related to the amount of education he or she receives. Without question, the opportunities provided because of the higher Education Act and its reauthorizations over the past 30 years demonstrate not only the importance of this investment but also the gains we have made because of this act.

It is through the Higher Education Act that vital programs such as guaranteed student loans, aid to developing colleges, and educational opportunity grants have developed into the critical initiatives that they are today. It was within the context of this legislation that we developed the Pell grant program, which combined with the guaranteed loan program, has become far and away the largest source of aid for low- and middle-income students. Today, Federal student aid constitutes more than 75 percent of all aid available to students to pay for a college education.

Over the years, it is unquestionable that without Federal student aid, literally millions of American students would have been unable to attain a college degree and to pursue productive, meaningful careers that otherwise would have been beyond their reach.

I am honored to have been here when this act began, and to have strongly supported its establishment. Through my work on the Education Subcommittee, I am honored to have played a part in refining it over the years. And I am especially honored to be here today to acknowledge its very significant achievements.

#### THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, on that evening in 1972 when I first was elected to the Senate, I made a commitment to myself that I would never fail to see a young person, or a group of young people, who wanted to see me.

It has proved enormously beneficial to me because I have been inspired by the estimated 60,000 young people with whom I have visited during the nearly 23 years I have been in the Senate.

Most of them have been concerned that the total Federal debt which is about \$15 billion shy of \$5 trillion—which will be exceeded this year. Of course, Congress is responsible for creating this monstrosity for which the coming generations will have to pay.

The young people and I almost always discuss the fact that under the U.S. Constitution, no President can spend a dime of Federal money that has not first been authorized and appropriated by both the House and Senate of the United States.