

apparently sometimes we are considered merely constitutional impediments by our staff. In this case, the staff did not want us any longer to be impediments. In any event, this is a matter that could be solved, and could be solved easily before the conference report comes to a final passage.

I made suggestions to the distinguished Senator from Virginia, following a suggestion made by the distinguished Senator from South Carolina, of a way that we could solve this problem. That would require cooperation from the other body, and I hope that cooperation might be forthcoming.

I just thought this explanation, for Senators wondering what is going on, would be required.

LIHEAP

Mr. KENNEDY. Mr. President, one of the most serious effects of the current stopgap funding bill for the Federal Government is its treatment of the Low-Income Home Energy Assistance Program that helps needy families pay their winter fuel bills.

Under this program, the States receive the full amount of their LIHEAP benefits in October and November—the benefit levels that are set to deal with the emergencies.

It is bad enough that the current stopgap funding cuts these funds 25 percent below last year's levels. Even worse, it pays out those funds on bases that are prorated for a full year. So the States are receiving less than the usual share in October and November to plan for the winter.

This chart illustrates it. Last year, on December 15, 1994, some \$800 million out of approximately a little over \$1 billion had been distributed in LIHEAP. This year it is down to \$231 million.

The total amount in the LIHEAP has been reduced by 25 percent. But, nonetheless, this is what is currently distributed under the continuing resolution because of the way that continuing resolution is drafted.

All we have to do is see what have been the temperatures of the last few days. In Boston it was 18; Duluth, MN, it was 22 below; Milwaukee, 1 below; even down in New Orleans, 26; Des Moines, IA, 7; Burlington, VT, 13—an enormously cold snap.

I know my good friend and colleague, Senator WELLSTONE, has talked about that issue as has the Senator from Iowa.

LIHEAP PROVISIONS IN THE CONTINUING RESOLUTION

Mr. KENNEDY. Mr. President, one of the most serious defects of the current stopgap funding bill for the Federal Government is its treatment of LIHEAP, the Low-Income Home Energy Assistance Program that helps needy families pay their winter fuel bills.

Under that program, States receive most of their full-year LIHEAP alloca-

tion in the 2 months of October and November so that they can prepare for the winter, set benefit levels, and deal with emergencies.

It's bad enough that the current stopgap bill cuts these needed funds by 25 percent from last year's level. Even worse, it pays out those funds on a basis that is prorated on a full year, so that States are receiving far less than the usual share in October and November to plan for the winter.

By this time last year, Massachusetts had received \$32 million of its annual \$54 million allocation. This year, however, Massachusetts has only been allowed to draw down \$9.5 million.

In fact, all States had received \$800 million of last year's \$1.3 billion LIHEAP appropriation by December 15 of last year. Under the stopgap bill, however, that level has dropped to only \$230 million—a 71 percent cut—even though the bill is supposed to impose only a 25 percent cut at most.

States have found it extremely difficult to serve their needy citizens without access to these up-front funds. In fact, many States have had to establish triage policies to meet only the most dire emergencies.

Massachusetts energy agencies have said that they will respond only to cases where a utility terminates services, or where homes have less than one eighth of a tank of fuel oil. The State has cut annual LIHEAP benefits from \$430 to \$150 per household to ensure that they have enough funds for emergencies throughout the winter.

In Gloucester, the agencies have been faced with a choice of spending nonauthorized LIHEAP funds or letting some families freeze to death.

In Salem, the local government has dipped into its own scarce funds to provide needed assistance.

In Springfield, Patricia Nelligan, the fuel assistance director for the New England Farm Workers' Council, said that unless more LIHEAP funds are made available soon, their program will have to shut down by the end of next week.

It may not officially be winter yet, but winter has already arrived with a vengeance in many parts of the country. For the 6 million recipients of LIHEAP assistance across the Nation, it will be a desperate Christmas unless more aid is available.

Ninety five percent of the households receiving LIHEAP assistance have annual incomes below \$18,000. They spend an extremely burdensome 18 percent of their income on energy, compared to the average middle-class family, which spends only 4 percent.

Researchers at Boston City Hospital have documented the heat or eat effect, where higher utility bills during the coldest months force low-income families to spend less money on food. The result is increased malnutrition among children.

We had a very interesting hearing the other day about the impact of a series of cuts on children. The most mov-

ing part of the testimony was some of the schoolteachers who talked about the fact of the loss of weight that is taking place with small children 7, 8, 9, 10-years-old during the wintertime and particularly during the coldest months. It is really unthinkable that that would happen here in America, but yet it does. We have an opportunity to do something about that hopefully this afternoon.

The study also found almost twice as many low-weight and undernourished children were admitted to Boston City Hospital's emergency room immediately following the coldest month of the winter. No family should have to choose between heating and eating.

But it is the poor elderly that will be at the greatest risk if more LIHEAP funds are not made available, because they are the most vulnerable to hypothermia. In fact, older Americans accounted for more than half of all hypothermia deaths in 1991.

In addition, the elderly are much more likely to live in homes built before 1940 which are less energy efficient and put them at greater risk.

Low-income elderly who have trouble paying their fuel bills are often driven to rely on room heaters, fireplaces, ovens, and wood-burning stoves to save money. Between 1986 and 1990, such heating sources were the second leading cause of fire deaths among the elderly. In fact, elderly citizens were up to 12 times more likely to die in heating-related fires than adults under 65.

Over 50 Senators have signed a letter urging the budget negotiators to allow States to draw down LIHEAP funds at the up-front rate if a further stopgap funding bill is enacted. I urge the Senate to support this provision, so that families can receive the urgent assistance they need.

Christmas is approaching, and in many parts of the country, temperatures have dropped to levels close to those at the North Pole. But Santa Claus does not release LIHEAP funds to the States—Congress does, and we must act quickly to avoid tragedy.

Let me summarize, Mr. President. This is not a question of increasing the fiscal year 1996 appropriation for the LIHEAP Program, although I hope that the program will be fully funded in the next budget resolution.

What's at stake is the State's access to the LIHEAP funds that are already available so that the elderly, disabled, working poor, and their children can be served before the temperature drops even further.

That is not a heavy lift for Congress. Over half of the U.S. Senate signed a letter urging that States be allowed to draw down LIHEAP funds at the normal rate.

In October, 180 House Members signed a letter circulated by Representative JOE MOAKLEY which requested that LIHEAP be funded at the level proposed in the Senate version of the Labor-HHS appropriations bill—\$900 million.

In Massachusetts last winter, 42,000 out of the State's 137,000 LIHEAP households were elderly; 30,000 of the households also received supplementary security income; 32,000 of the households were working-poor; 69,000 of the households received food stamps; 50,000 of the households received Social Security; and 45,000 of the households received Aid to Families with Dependent Children.

Cold weather does not play partisan politics. When the temperature drops, it affects all people—Democrats and Republicans, Northerners and Southerners alike. It does not discriminate—it is an equal opportunity discomfort.

Mr. President, if we have an opportunity for the continuing resolution this afternoon, I know that Senator WELLSTONE will offer an amendment to permit the expenditure of vitally needed funds to be available to those 6 million Americans who today are in very difficult, dire circumstances because of the cold snap. If it is not, I join with those who urge the President to use his Executive powers to be able to move ahead with front end funding of those funds in an orderly way. Clearly, the overwhelming sense of the Members of this body and of the House of Representatives is that of supporting getting these scarce resources out to the public. It will make absolutely no sense because of a technicality to restrict the flow of these funds over a 12-month period when the greatest need is now during the wintertime and where it has been the wintertime since the establishment of this program, but because of a technical glitch we find ourselves under these circumstances. This circumstance cries out for action.

So, Mr. President, I know I speak for all the families in Massachusetts that are dependent upon LIHEAP. They are facing a critical situation. We cannot let this situation continue to go without action here in the House of Representatives and the Senate. We have serious business obviously in terms of the budget and the budget positions in terms of preserving Medicare and Medicaid and education and environmental issues, but this is an emergency situation that cries out for action. Whatever we are going to do on the budget will not be affected if we move ahead with advance funding to take care of the emergency needs of our elderly. It will not be affected. So we have to take this action, and we welcome the bipartisan support that we have received here. It has been bipartisan in the Senate. It has been bipartisan in the House. And I am pleased that the President has indicated his strong support for getting this problem resolved.

STUDENT LOAN PROGRAMS

Mr. KENNEDY. Mr. President, just briefly on another subject but a very important one, I address the Senate on the issue of the Republican budget and the student loan programs which are so important to the sons and daughters of

working families in this country. There is a wide divergence in priorities between the two parties on the direct loan program as well as on other education issues.

The Republican budget bill has always been bad news for students, and bad news for the deficit. Now, according to estimates just released by the Congressional Budget Office, the deficit news is \$1.1 billion worse.

Under the revised estimates, the negative budget impact of the Republican student loan provisions has more than doubled—from \$900 million to \$2 billion in additions to the deficit if the Republicans persist in their misguided scheme to dismantle the highly successful "direct loan" program for college students.

The bill vetoed by the President last week would have limited the direct loan program to 10 percent of all loans, and earmarked 90 percent of student loans for banks and other middlemen.

Mr. President, what we had done in recent years was to develop a direct loan program and permitted the guaranteed student loan program to go into effect. The total volume of direct loans is about 40 percent of all the student loans; 1,350 colleges and universities are participating in direct lending, accounting for 40 percent of loan volume. Under the Republican compromise, it will be reduced to 10 percent.

We made efforts on the floor of the Senate to let the schools in Montana and throughout this country make their own judgments whether they wanted to go to the direct loan program or go to the guaranteed loan program. Not one college or university in this country selected to go from direct loan programs to guaranteed loan programs. Not one. It is a success with the students and with the administrators.

The Republican provision is among the most notorious and objectionable special interest giveaways in the entire Republican budget plan. Its obvious motive is to divert billions of dollars in new business and higher profits to the banks and guaranty agencies in the guaranteed student loan program.

According to CBO, if direct lending is limited to 10 percent of loans, the banks and guaranty agencies would gain \$103 billion in additional business over the next 7 years, and an estimated \$6 billion in higher profits.

This arbitrary Republican ceiling on the direct loan program would force 2 million students and 1250 colleges out of direct lending and back into the bureaucratic maze of the guaranteed student loan program. Republicans are asking Congress to swallow this blatant special interest giveaway in the name of deficit reduction. But as the CBO's latest estimate makes plainer than ever, there is no deficit reduction, and the addition to the deficit is greater than ever.

This problem began when the Republican budget adopted last May contained a biased requirement for estimating the cost of direct student loans.

The requirement was designed to make loans to students by banks under the guaranteed loan program appear cheaper than loans issued directly to students by the Federal Government. According to CBO's new estimate, the use of this biased procedure will add \$6.5 billion to the deficit over the next 7 years. Other student loan provisions in the Republican budget save \$4.5 billion over the same period, according to CBO's most recent calculations. Thus the net effect of the Republican student loan provisions is to add \$2 billion to the deficit.

Under the previous CBO estimate, the biased budget rule added \$5.8 billion to the deficit, and was offset by \$4.9 billion in savings, for a net addition to the deficit of \$900 million. Clearly, Republican deficit concerns go out the window when corporate welfare like this is at stake.

Republicans would like us to believe that their attack on direct lending is designed to eliminate Government bureaucracy and stimulate the private sector. But the guaranteed student loan program is hardly a monument to corporate efficiency and free enterprise. It is a bloated bureaucracy consisting of 7,000 lenders, 41 guaranty agencies, and 25 secondary markets who employ more than 5,000 people. That is 25 percent more than the entire U.S. Department of Education and 10 times more than the number of employees who actually administer the direct lending program.

In the private sector, companies take risks in the hope of making profits. But there's no risk in the guaranteed student loan program. It's all gravy. It's all corporate welfare. The banks and guaranty agencies reap all the profits and take none of the risks, because Uncle Sam is guaranteeing payment of the loans. It's not free enterprise at all. It's a Government-sheltered industry that's grown up like Topsy under the umbrella of Uncle Sam.

William Niskanen, who is now president of the Cato Institute, and was formerly a member of the Council of Economic Advisers under President Reagan, put it this way:

These guaranteed loans are a sweet deal for the banks; unless they choose to collect on the loans, the banks provide no services other than to make a loan guaranteed by the federal government at a substantial premium above the rate if they made the same loan to the government. Moreover, because lenders have little incentive to be diligent collectors of guaranteed loans, the government has set up a complex and costly system of nonprofit guaranty agencies to manage these loans.

Larry Lindsay, a member of the Federal Reserve Board appointed by President Bush, put it even more bluntly: "As long as it is necessary to provide a profit to induce lenders to guarantee student loans, direct lending will be cheaper."

The cost-effectiveness of direct lending was confirmed just this week in a study by the audit committee of the