

monitor, and thus, have a potential conflict of interest. For the purposes of this review, we defined an affiliation as:

An organizational setting where, regardless of each firm's legal structure, a loan servicer, secondary market, other FFELP service provider, or any combination thereof, reported to the same senior management staff or board of directors (or its equivalent) as the guaranty agency.

An organizational setting where, regardless of each firm's legal structure, a loan servicer, secondary market, other FFELP service provider, or any combination thereof, shared at least one of its senior management staff or board of directors (or its equivalent) with the guaranty agency.

An instance where the guaranty agency, its parent, or management company held an ownership interest in, or was a member of (in the case of a nonprofit corporation), a loan servicer, secondary market, or any other organization that provided services to the FFELP.

An instance where an official of the guaranty agency, its parent, or management company held an ownership interest in any organization that provided services to the FFELP.

We recognize that some organizations that have a potential conflict of interest manage to prevent the conflict from harming the FFELP. However, our discussions with program officials revealed that those organizations that successfully manage the potential conflicts generally do so because of the efforts of key managers and employees. Consequently, replacing these key individuals with less conscientious managers and employees may significantly increase the risk of abuse.

SPECIFIC AFFILIATIONS THAT WE OBSERVED

The following paragraphs briefly discuss the organizational environment that exists at each guaranty agency we reviewed. Since the organizational structures are often very complicated, we have limited our discussion to a general overview. The guaranty agencies discussed in the following paragraphs correspond to those listed in the schedule found in Attachment A and the matrix shown above.

GUARANTY AGENCY A

This guaranty agency has a parent corporation that operates the guaranty agency, a loan servicer, and a secondary market as separate corporations under its umbrella. Each of the four corporations has a separate board of directors. However, at least one individual serves on all four boards, and several individuals serve on three of the four boards. Additionally, at least two individuals serve as officers in all four corporations, and several individuals serve as officers in three of the four corporations.

Until November, 1992, the secondary market activity was a departmental function of the guaranty agency. In November 1992, the secondary market was incorporated as one of the above mentioned companies. The guaranty agency plans to transfer some of its employees to its newly formed secondary market.

Approximately 84 percent of the secondary market's portfolio, and 79 percent of the loan servicer's portfolio are guaranteed by their affiliated guarantor.

GUARANTY AGENCY B

This guaranty agency underwent sweeping organizational changes in 1992. At the time of our review the changes were not completely finalized. Generally, the end result will be a management company which operates 1) a guaranty agency, 2) a nonprofit FFELP service provider that provides supporting services such as account manage-

ment, litigation services, and loan disbursement services to the guarantor, and 3) a for-profit FFELP service provider that provides some of the same supporting services to the guarantor as its nonprofit counterpart. The new management company owns all of the stock of the for-profit FFELP service provider, and the two corporations share at least one board member.

The above corporations work very closely with three other organizations that were previously founded by the guaranty agency. These three firms are 1) a loan servicer, 2) a secondary market, and 3) an educational resource firm. Although the secondary market and the educational resource firm were legally separated from the guaranty agency, they continue to share common board members with the new management company mentioned above. The management company holds 25 percent of the stock of the loan servicer, and the two corporations share board members.

Approximately 55 percent of the secondary market's portfolio, and 69 percent of the loan servicer's portfolio are guaranteed by their affiliated guarantor.

GUARANTY AGENCY C

This guarantor, along with a loan servicer and secondary market, is operated as a division of a larger agency. There is no separate legal structure for the guarantor, loan servicer, or secondary market. All three divisions report to the same senior management and board of directors. Approximately 71 percent of the secondary market's portfolio, and 60 percent of the loan servicer's portfolio are guaranteed by their affiliated guarantor.

GUARANTY AGENCY D

This guaranty agency is operated by a state commission that is appointed by the Governor. The State Commission, along with its Executive Director, is responsible for operating the guaranty agency and the secondary market. The State Commission has only one board of commissioners to oversee the guaranty agency and the secondary market.

Approximately 99 percent of the secondary market's portfolio is guaranteed by its affiliated guarantor.

GUARANTY AGENCY E

This guaranty agency is a component of a state authority that manages all the Federal and state student loan programs. A separate state authority operates the secondary market. However, the management and board of the two authorities are the same.

Approximately 100 percent of the secondary market's portfolio is guaranteed by its affiliated guarantor.

GUARANTY AGENCY F

This guaranty agency is housed together with a loan servicer at the same state agency. There is only one board of commissioners for the guaranty agency and the loan servicer, and both are served by the same senior management staff.

Approximately 100 percent of the loan servicer's portfolio is guaranteed by its affiliated guarantor.

GUARANTY AGENCY G

This guaranty agency is a division of a larger corporation. The corporation has a guaranty agency division and a FFELP servicing division. The guarantor and servicer are managed by separate corporate vice presidents. The president of the corporation also holds the offices of Chairman of the Board of Directors, Chief Executive Officer, and Treasurer.

Approximately 100 percent of the loan servicer's portfolio is guaranteed by its affiliated guarantor.

GUARANTY AGENCY H

This guaranty agency provides FFELP servicing to participating lenders and secondary markets. The loan servicer is part of a division of the guaranty agency that reported to the Senior Vice President of Operations. The guaranty agency claims that it began phasing-out its loan servicing activities in the spring of 1989. However, it still retains a significant servicing portfolio.

Approximately 95 percent of the loan servicer's portfolio is guaranteed by its affiliated guarantor.

GUARANTY AGENCY I

This guaranty agency has a parent company that is the sole member (or shareholder) of both the guaranty agency and the secondary market. In this case, all three organizations are separate nonprofit corporations. The parent company is the employer with respect to virtually all of the staff of the guaranty agency and the secondary market, and provides the staff to its subsidiaries under a management contract.

The three companies have separate boards. However, the two presidents of the guaranty agency and the secondary market also serve on the board of the parent company. In fact, the Chairman of the Board of the parent company is also the president of the secondary market. This same person is the 100% owner of a for-profit company that was paid approximately \$900,000 in 1991 to provide services to the guaranty agency and the secondary market.

Approximately 52 percent of the secondary market's portfolio is guaranteed by its affiliated guarantor.

GUARANTY AGENCIES J, K, & L

Our inquiries did not lead us to conclude that the above guarantors were affiliated with a loan servicer, secondary market, or other FFELP service provider.●

AUTHORIZING THE TAKING OF A PHOTOGRAPH IN THE CHAMBER OF THE U.S. SENATE

Mr. GREGG. Mr. President, I ask unanimous consent that the Senate proceed to Senate Resolution 87, submitted earlier today by Senator DOLE, and that the resolution be agreed to and the motion to reconsider be laid upon the table.

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

So the resolution (S. Res. 87) was agreed to, as follows:

Resolved, That paragraph 1 of Rule IV of the Rules for the Regulation of the Senate Wing of the United States Capitol (prohibiting the taking of pictures in the Senate Chamber) be temporarily suspended for the sole and specific purpose of permitting the National Geographic Society to photograph the United States Senate in actual session on a date and time to be announced by the Majority Leader, after consultation with the Minority Leader.

SEC. 2. The Sergeant at Arms of the Senate is authorized and directed to make the necessary arrangements therefor, which arrangements shall provide for a minimum of disruption to Senate proceedings.

MEASURE READ FOR THE FIRST TIME—H.R. 988

Mr. GREGG. Mr. President, I inquire of the Chair if H.R. 988 has arrived from the House of Representatives.

The PRESIDING OFFICER. It has arrived.

Mr. GREGG. Therefore, I ask for its first reading.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (H.R. 988) to reform the Federal civil justice system.

Mr. GREGG. I now ask for the second reading, and I object.

The PRESIDING OFFICER. Objection is heard.

Mr. GREGG. The bill will remain at the desk to be read a second time following the next adjournment of the Senate.

ORDERS FOR MONDAY, MARCH 13, 1995

Mr. GREGG. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 12:30 p.m. on Monday, March 13, 1995; that following the prayer, the Journal of proceedings be deemed approved to date, the time for the two leaders be reserved for their use later in the day, and there be a period for transaction of morning business not to extend beyond the hour of 1:30 p.m., with Senators permitted to speak for up to 10 minutes each.

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

Mr. GREGG. Mr. President, I further ask unanimous consent that, at the hour of 1:30 p.m., the Senate resume consideration of H.R. 889, the supplemental appropriations bill; further, that at the hour of 4:30, the Senate begin 60 minutes of debate, equally divided between Senator KASSEBAUM and Senator KENNEDY; and that the vote occur on the motion to invoke cloture at 5:30 p.m. and the mandatory live quorum be waived.

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

PROGRAM

Mr. GREGG. Mr. President, for the information of my colleagues, under the previous order, there will be a cloture vote on the pending KASSEBAUM amendment at 5:30 on Monday. Senators should also be aware that further rollcall votes are expected during Monday's session of the Senate.

OFFICIAL PHOTOGRAPH OF THE U.S. SENATE

Mr. GREGG. Mr. President, the official photograph of the U.S. Senate in session will be taken by the National Geographic Society on Tuesday, April 4, 1995, at 2:15 p.m. All Senators are now on notice to be on the floor at 2:15 on April 4 for the picture.

ORDER OF PROCEDURE

Mr. GREGG. Mr. President, I ask unanimous consent that, following the remarks of Senator EXON, the Senate stand in recess under the previous order.

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

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. EXON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

STRIKER REPLACEMENT

Mr. EXON. Mr. President, next week I will be introducing a bill with regard to striker replacement. This is the same bill that I have introduced previously in this body.

I discussed this possible compromise that would maybe put an end, hopefully, to the ongoing battle we have had now for many years in the U.S. Senate. I discussed this with the chairman of the committee of jurisdiction, Senator KASSEBAUM, earlier today. I understand we will be having a cloture vote on this matter on Monday.

I would simply say to my colleagues on both sides of the aisle and on both sides of this issue that I think it is not good form, it is not good business, and it upsets the routine schedule of the Senate when matters of this nature, however important they are, and however timely they might be, should never, ever have been placed on the supplemental appropriations bill with regard to national defense that is before the body.

For the life of me, I do not understand why the managers of the bill or those in opposition did not simply make a point of order that it was legislation on an appropriations bill, which it clearly is. Had that point of order been made, I would hope that the matter would have fallen.

Let me say, Mr. President, that I have voted for and will continue to vote for some type of a striker replacement bill. What we have, of course, is the traditional battle: The old bulls of business on one side of the pasture, and the old bulls of organized labor on the other, glaring and pawing at the turf and snarling at each other across the pasture.

All too often we do not take into consideration, I think, what is in the interest of the United States of America as we go into the international arena, the international pasture today, and certainly into the new century that is almost here. We see the quarrelsome gestures and the rhetoric about how fair or unfair this is to different groups

of Americans, depending how they are postured on this particular matter.

Senator DOMENICI was on the floor earlier this week, and I spoke after he spoke with regard to the fall of the dollar and what caused that and how serious it is. I agreed with all of that.

I simply state once again that I think the matter of the fair treatment of laboring people who are organized in the United States of America is something that we should continue to address and not just simply continue with actions on the floor of the U.S. Senate that I believe, for all meaningful purposes, are designed to end the rights of organized labor and the rights of collective bargaining.

Some will say that is an overly harsh statement, but I think that is the reality of the situation. And I suppose that businesses today feel that with the advent of the Republican majority in the U.S. Senate and the House of Representatives that they could sit back, take a sigh of relief and say it shall not pass with the revolution that took place last November.

That might well be. They may have their facts straight. Is not what I think should be a different and reasoned approach. Likewise, the organized labor should realize and recognize that the United States of America is now very much tied up, more so than they have ever been before, with the economies of the whole world. The new century that is about to come upon us, I suggest should best be recognized that we should be looking over the horizon, if we will, aside from the facts that we always have on measures of this nature.

The economy of the United States of America is tied more tightly to the international community—the whole globe—than it ever has been before. Many people, including this Senator, had thought that would probably be good for the United States of America. Maybe in the end it still might be.

Suffice it to say that when we are tied to the international community with trade agreements, trade treaties, NAFTA's, and GATT's, and all of these things, it is a small wonder that the dollar is not reacting well.

It is no small wonder, Mr. President, that there is nervousness in the international economic and fiscal community today, with the problems of the border with our neighbor to the south, just across the border in Mexico, and certainly the Mexico bailout proposition—call it what you will. Whether it is necessary or whether it is not, whether it is good or whether it is bad simply proves the point that I am making, that the United States of America is tied into the economic structure of the world more so than it ever has been before.

When we are doing these kinds of things, we should not be, therefore, particularly surprised when we see different things happening in different parts of the world and investors in different countries of the world moving