

Education and Workforce Committee, Mr. MILLER, and the Ranking Member of the 21st Century Competitiveness Subcommittee, Mr. KILDEE, in introducing the Emergency Loan Abuse Prevention Act of 2004.

A short time ago, this body voted 413–3 to stop the Department of Education from spending any of its fiscal year 2005 Appropriation to perpetuate the so-called “9.5 percent loophole” in the Federal student loan program. This antiquated and indefensible subsidy guarantees lenders a whopping 9.5 percent return on garden variety student loans while costing taxpayers nearly \$1 billion this year. That’s \$1 billion that should be going to students and families trying to afford college—not to already profitable financial institutions.

The Emergency Loan Abuse Prevention Act of 2004 picks up where the Kildee-Van Hollen Labor-HHS Appropriations amendment left off by putting an end to the 9.5 percent loophole—permanently. Moreover, it directs the savings from this needed reform to the woefully underfunded Pell Grant program, which has lost half its purchasing power over the last 20 years. It’s a win for taxpayers who expect us to spend their money wisely, and it’s a win for students who—in this era of double digit tuition increases—deserve all the help we can give them as they pursue their dreams of a college education.

Mr. Speaker, in closing, I’d like to submit a copy of a recent Washington Post editorial on this issue for the record and note that the Government Accountability Office (GAO) yesterday released its final report detailing the urgent need to close this loophole immediately. I ask all of my colleagues on both sides of the aisle to work with us in the same bipartisan fashion as this House spoke a few weeks ago to pass the Emergency Loan Abuse Prevention Act of 2004 without delay. We have an obligation to our taxpayers and students to ensure that Federal education dollars are spent where they are needed most.

(From the Washington Post, Sept. 10, 2004)

STUDENT LOAN SCANDAL

There are bureaucratic errors, there is congressional negligence—and then there are bureaucratic errors and congressional negligence on a scale so vast that it is hard to believe they can be accidental. The hundreds of millions of dollars in unnecessary government payments to the student loan industry in the past 18 months amount to such a scandal. The loans in question, established in 1980, are guaranteed by the government at 9.5 percent. Yet most students are paying interest rates of 3.5 percent or less. The difference—all taxpayers’ money—is pure profit for the companies that have taken advantage of a loophole in the law.

According to a recent report by the Institute for College Access and Success, a non-profit education think tank, Congress had actually intended to end in 1993 the 9.5 percent loan guarantee, one of many programs that provide incentives for institutions to lend to students. In May 2003, one company, Nelnet Inc., wrote to the Education Department to confirm its intention to expand its holdings of old loans with the 9.5 percent interest rate. Nelnet received no answer from the department for a year, during which time the department continued paying the company. In June of this year, the department replied inconclusively—at which point

the company’s stock price climbed 20 percent. Although Nelnet is the largest holder of loans guaranteed at 9.5 percent—and its holdings of such loans have increased by 818 percent since January 2003—it is only one of many such lenders. According to a preliminary Government Accountability Office report, commissioned by Representatives Chris Van Hollen (D-Md.) and Dale E. Kildee (D-Mich.), 37 lenders receive payments for loans with guaranteed interest rates of 9.5 percent, at a government cost of \$1 billion annually, and the volume of such loans is rising.

Why wasn’t the loophole shut long ago? Education Department officials argue strenuously that only a two-year regulatory process could have done so, and they didn’t initiate one, they say, because they thought Congress would deal with it. Congressional Republicans say they expected to deal with the problem in a comprehensive higher education bill, but that has failed to pass (and in any case the proposed language would not have ended all the payments). Yet, other solutions could have been found: In the wake of revelations about the scale of the payments, the House yesterday passed an amendment to an appropriations bill, offered by Mr. Van Hollen and Mr. Kildee, that would close the loophole completely, albeit temporarily. (Of course, there is no guarantee it will become law.) And one former Education Department general counsel has written to the secretary of education, Roderick R. Paige, arguing that the loophole could have been closed immediately if officials had wished to do so.

There could be other explanations for their reluctance. One is that the president of Nelnet, Don R. Bouc—who has called for the loophole to be shut and the money to be better used—is well-connected enough to have been appointed to Mr. Paige’s advisory committee on student financial assistance. Here is another: According to a report in the Chronicle of Higher Education, Nelnet is the second-largest contributor to congressional campaigns in the student loan industry, beaten only by industry giant Sallie Mae. Over the past 18 months, the student loan industry has contributed about \$750,000 to the 49 members of the House Committee on Education and the Workforce, of which \$136,000 has gone to the committee chairman, Representative John A. Boehner (R-Ohio), and \$175,000 to Representative Howard P. “Buck” McKeon (R-Calif.), chairman of the subcommittee on higher education. Mr. Boehner’s spokesman vehemently denies any connection between the contributions and the issue and maintains that the committee’s bill would have fixed the problem, which was mentioned in the president’s latest budget. Still, it is difficult to understand, given the sums involved, why neither Mr. Paige nor Congress made this a higher priority.

For nearly a decade we have argued that Congress should reduce subsidies for banks that lend to students, and instead expand the direct-loan program, which provides about a quarter of student aid—or else reform the system to make it harder to manipulate. This scandal provides an excellent reason to look again at these questions.

PERSONAL EXPLANATION

HON. GENE GREEN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 28, 2004

Mr. GREEN of Texas. Mr. Speaker, on Thursday evening, September 23, 2004, I was unable to be present for the final three votes

of the day, rollcall votes No. 470, No. 471, and No. 472, because I returned to my Congressional District in order to assist my constituents with the potential impact of Tropical Storm Ivan’s imminent landfall on the Southeast Texas Coast.

On rollcall vote No. 470, to Order the Previous Question, I would have voted “no,” so that we could fix the underlying bill (H.R. 1308) to pay for the tax cuts and avoid increasing the deficit. In addition, the bill should fix the combat pay problem for military families that denies the child tax credit and the earned income tax credit.

On rollcall vote No. 471, on H. Res. 794, the rule waiving points of order against the conference report to accompany the bill (H.R. 1308), I would have voted “no,” due to the increase in the deficit and the failure of the bill to address military families.

On rollcall vote No. 472, on the conference report accompanying H.R. 1308, I would have voted “yea,” because the legislation does provide significant tax relief to middle class families and provides important tax incentives to businesses. However, these tax cuts should have been paid for, and military families should have been included.

PAYING TRIBUTE TO RICHARD SHEEHAN

HON. SCOTT MCINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 28, 2004

Mr. MCINNIS. Mr. Speaker, I would like to take this opportunity to pay tribute to Richard Sheehan and thank him for his exceptional contributions to his community and the State of Colorado as a Jefferson County Commissioner. A commissioner since 1999, Richard is a dedicated public servant and leader in his community and I am honored to recognize his accomplishments before this body of Congress and this Nation today.

As a resident of South Jeffco, Richard has a long history of educational and vocational training. He has earned his Masters in Business Administration, his Certified Public Accountant’s license, national certification as a Public Finance Officer and his teacher’s certification in Social Studies. Richard’s rigorous academic background and passion for public service led him to serve in the Colorado State Auditor’s office and teach social studies at Aurora Public Schools. Additionally Richard served as a financial officer for Arapahoe County and taught financial reporting in the MBA program at Regis University. In the private sector, Richard has been employed as a financial analyst in the corporate offices of the Pace Membership Warehouse. In 1999, Richard was elected as a Commissioner for Jefferson County, and he has proven himself to be a great asset to the citizens he represents. This year Richard will additionally serve as the Chairman Pro Tem of the Board and the Law Enforcement Authority.

In addition to his work as a county commissioner, Richard also serves as the treasurer of Colorado Counties Inc., sits on the Denver Regional Council of Governments, the Jefferson Economic Council, and the State’s Human Services Board. What little spare time that he has remaining is devoted to volunteer work for

organizations such as the Governor's Place, and the Colorado Energy Science Center which promotes the use of renewable energy sources.

Mr. Speaker, it is clear that Richard Sheehan has ceaselessly dedicated his time and efforts to serving his country and the people of Colorado as a Jefferson County Commissioner. I am honored to bring his hard work and commitment to the attention of this body of Congress and this nation today. Thank you for all your service, Richard, and I wish you all the best in your future endeavors.

TRIBUTE TO LCPL STEVEN
CHARLES TYLER CATES OF MT.
JULIET, TN, WHO GAVE HIS LIFE
IN SERVICE TO HIS NATION

HON. JIM COOPER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 28, 2004

Mr. COOPER. Mr. Speaker, the tragic events of September 11, 2001 will never in the history of our nation be forgotten. While much of the country stood paralyzed by shock and grief, the horrifying events of that day were, for others, a call to action. One of those who heeded this call was LCpl Steven Charles Tyler Cates of Mt. Juliet, TN. Just eight days after September 11th, Tyler Cates walked into his local military recruiting office and said he was there to serve. He became a Marine.

Long before that day, Tyler's belief in service to others had marked his life. An Eagle Scout, his family said he had always reached out to those around him when they needed some support. "He was a true Boy Scout," his stepfather, Philip Shaw told a reporter from the Tennessee last week. "He was trustworthy; he'd go an extra mile for his friends."

I am honored today to pay tribute to the extraordinary bravery and patriotism of this selfless young man. Lance Corporal Cates died in service to his country in Western Iraq last week. He was fighting to help those he recognized as less fortunate than himself, fighting to bring the freedom and liberty that he so treasured to others so far from his home in Middle Tennessee.

His mother said it was simply his nature to serve. When Tyler told her he had joined the Marines, Patricia Shaw said she was worried but not surprised. "He said, 'I need to do this, Mom,'" Mrs. Shaw said. "That boy brought such patriotism into my life like no one else. He touched everybody he came in contact with because of his charisma. He had a good heart."

His father, Steve Cates, described Tyler as his pal, his best friend and an inspiring patriot. "He loved America. He wanted to defend his country and wanted to go over and give them what we have."

Today, Mr. Speaker, I rise here in the U.S. Capitol—the symbol of freedom to so many around the world—to salute Lance Corporal Cates for his dedication to all this building and this country stand for. Even standing here, in this great chamber, nothing we say or do can adequately thank Tyler and his family for the sacrifice he made. My heart goes out to his wife Lisa, his mother and stepfather, his father, brother, three sisters and grandparents. He will be missed by each of them, as well as

his many friends in Mt. Juliet and Middle Tennessee. Yet his sacrifice and love of country will not be forgotten. It will live on, inspiring us to recognize and protect the liberty that Tyler believed in, and each of us holds so dear.

IN RECOGNITION OF DAVID W.
FLEMING

HON. BRAD SHERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 28, 2004

Mr. SHERMAN. Mr. Speaker, I rise today to pay tribute to David W. Fleming for his dedicated contributions to improving the economy, education, and health care for the residents of the San Fernando Valley. David Fleming, an attorney who has specialized in corporate law for over forty years, provides leadership which is instrumental to many organizations committed to improving the economic development of the San Fernando Valley.

Vital centers of economic activity benefit from David Fleming's hard work. He is the Chairman of the Economic Alliance of the San Fernando Valley, an influential business and industry collective formed after the Northridge earthquake, which brings investors to the San Fernando Valley in order to grow and sustain the economic base and improve the quality of life for all Valley residents. He is also a director of the Los Angeles Area Chamber of Commerce, an organization of 1,350 businesses, which helps small businesses grow and works for the prosperity for the Los Angeles region. Most recently, David Fleming completed a two year term as chairman of the Los Angeles Economic Development Corporation, the largest economic development organization in America.

David Fleming has worked to improve the region's infrastructure and to promote commercial development having served as the appointed Vice-chairman of the California Transportation Commission for three years, during which time he chaired the Public Transit Committee. Even the entertainment industry benefits from his expertise. He serves on the Board of the Technology Council of the Motion Picture and Television Industry.

David Fleming is an advocate for the future of San Fernando Valley children and the health of all Valley residents. He is a founding member and trustee of the Children's Planning Council of Los Angeles County, a unique collaboration of public and private sector leaders working hard to improve the integration, coordination, and accessibility of health and human services for children. He also serves as Chairman of the Board of Valley Presbyterian Hospital, the largest acute care hospital in the central San Fernando Valley. The 290-bed facility offers leading-edge technology and medical expertise in maternal and child health, cardiac care, orthopedics, and critical care services. Many Valley children benefit from free immunizations, health screenings, and seniors are able to receive free flu shots each fall at the hospital.

Local government also has benefited from David Fleming's knowledge and volunteerism. In 1997, he helped implement the city's charter reform movement. Two years later, the reform was overwhelmingly approved by voters, making it the first major city charter reform

movement in 75 years. He also served on the City of Los Angeles Ethics Commission for two years from 2001 to 2002.

David Fleming's strong work ethic has been acknowledged by many, including President George W. Bush. In 2003, President Bush appointed him to the prestigious James Madison Foundation in Washington D.C., where he serves as one of only two private citizens appointed to the foundation.

Throughout his career, David Fleming dedicated over 60,000 hours in leadership roles for various non-profit organizations. Many organizations have recognized and honored David Fleming for his wide range of civic contributions including the American Jewish Committee, the Valley Bar Association, the Anti-Defamation League, the University of California at Los Angeles, the Interfaith Council, the California Junior Chamber of Commerce and the Jewish National Fund, as well as the City and County of Los Angeles, the California State Legislature and three California Governors. He was also the 1991 recipient of the Fernando Award, an exclusive honor awarded to individuals who have exemplified leadership, volunteerism and dedication.

David Fleming is a philanthropist who gives not only his time, but along with his wife Jean, has contributed millions of dollars to many Southern California charities including key donations to Valley Presbyterian Hospital and the University of California at Los Angeles Law Library.

Mr. Speaker, please join me in recognizing David W. Fleming, an altruistic man who has devoted much of his life to improving the well-being of the citizens of the San Fernando Valley.

PERSONAL EXPLANATION

HON. JEFF MILLER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 28, 2004

Mr. MILLER of Florida. Mr. Speaker, I would like to offer a personal explanation of the reason I missed rollcall votes Nos. 457–472 on September 21, 2004, through September 24, 2004. These were amendment votes on H.R. 5025—Transportation and Treasury Appropriations Bill, H.R. 2028—The Pledge Protection Act, H.R. 1057—The Adoption Tax Relief Guarantee Act and H.R. 1308—The Conference Report on the All-American Tax Relief Act. At the time these votes were called, I was in my Congressional District in Pensacola, Florida, helping my constituents with the aftermath of Hurricane Ivan.

I respectfully request that it be entered into the CONGRESSIONAL RECORD that if present, I would have voted rollcall vote No. 457, on the Van Hollen Amendment, "nay"; rollcall vote No. 458, on the Sanders Amendment, "nay"; rollcall vote No. 459, on the Norton Amendment, "nay"; rollcall vote No. 460, on the Davis of Florida Amendment, "nay"; rollcall vote No. 461, on the Rangel Amendment, "nay"; rollcall vote No. 462, on the Olver Amendment, "nay"; rollcall vote No. 463, on the Stenholm Amendment, "nay"; rollcall vote No. 464, on the Motion to Recommit H.R. 5025, "nay"; rollcall vote No. 465, on final passage of H.R. 5025, the Transportation Treasury Appropriations Bill, "nay"; rollcall