

Wisconsin, are entitled to answers. They are tired of rhetoric. They are tired of clichés. They are tired of misrepresentations. They want the facts. They want the truth. We have a candidate who will give it to them.

I see my friend and colleague in the Chamber, Senator MURRAY. Whatever remaining time I have, I yield to her, and I thank the Chair.

The PRESIDING OFFICER. The Senator has 5 minutes 15 seconds.

Mrs. MURRAY. Mr. President, how much time is left?

The PRESIDING OFFICER. The Senator has 5 minutes 15 seconds.

STUDENT LOAN SCANDAL

Mrs. MURRAY. Mr. President, I come to the floor today to talk about this scandal to which the Senator from Massachusetts alluded. It is mentioned in the New York Times today, "Banks and the College Loan Loophole."

I talk to families all over the State of Washington, and they are struggling to pay for college for their kids. They all agree college education is far too expensive for many families. You would think the Federal Government would be doing everything possible today to make college more accessible for all of our families. Sadly, that is not the case.

Last week in the Senate we had a chance to help students to get to and get through college. Unfortunately, the majority on the Appropriations Committee blocked my commonsense, student-friendly proposal. Instead of standing up for students, unfortunately the committee stood up for banks and other special interests that have been gaming the system for years, at taxpayer expense.

I am on the Senate floor today to say that students should come before special interests. Student loan programs were started to help our students. They were not started to line the pockets of lenders. It is time to end the taxpayer ripoff that is occurring today and do more to help our students afford college.

Back in the 1980s, interest rates were high. Many people were concerned that our lenders would stop making student loans, so Congress created a temporary—and I emphasize "temporary"—measure to keep college loans affordable for our students.

At the time, it worked. Lenders kept making loans, and students were able to afford college loans. This was supposed to be, as I said, a temporary measure. In fact, it was supposed to be phased out in 1993, when interest rates started coming back down. Interest rates came down; this subsidy lived on. For the past 11 years, taxpayers have paid these lenders far more than they should have. Taxpayers are actually subsidizing profitable companies to make loans that are far above today's interest rates. Clearly, taxpayers are paying a huge bill while special interests are taking the money to the bank.

Who is paying the price? Our college students. This year we are throwing away \$1 billion that we could be using to help more students go to college. So in the Appropriations Committee last week, I offered an amendment to finally stop this taxpayer ripoff. My amendment would have used the savings from this ripoff to help 700,000 students get another \$3,000 for college. It would have helped the parents of 25,000 low-income students get child care on campus. It would have helped another 200,000 students get \$800 in grants. It would have helped 180,000 low-income and first-generation students prepare for college through TRIO and GEAR UP. And it would have helped thousands of migrant students attend college.

When I offered my amendment, everybody on the committee seemed to agree that this subsidy should end. But when it came time to vote, every Republican member voted against my amendment. They voted against taxpayers, they voted against students, and they voted against our families. They said they wanted to deal with it later. I am here today to say that taxpayers are getting ripped off every day we delay. If we wait 6 months, as was suggested, taxpayers will lose billions of dollars, and students will not get the help they need. The time to do this is now.

I am not willing to waste another dollar that could be in the pockets of our students today, and that is why the Senate needs to act now. The Government is paying 30 times more than it should for these special interest subsidies—30 times more. That is a ripoff.

This is as if you walk into a college book store and a textbook on the shelf costs \$100. If that textbook had the same outrageous markup as these loans, that student would be paying \$3,000 for the same textbook. Taxpayers are paying \$3,000 for something that only costs \$100 because of this runaway subsidy, and that is outrageous. There is no reason for taxpayers to be paying a markup of 30 times the real cost.

We were all outraged when Halliburton charged taxpayers \$45 for a case of soda that sells for \$7 at the supermarket. Halliburton marked those prices up 6 times. Today, lenders are marking up student loans at a price 30 times higher than they should. No wonder the Washington Post called this a scandal.

I ask unanimous consent to have the Washington Post editorial on this printed in the RECORD.

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

[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 Reps. 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 history, 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, Rep. John A. Boehner (R-Ohio), and \$175,000 to Rep. 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.

The PRESIDING OFFICER. The time of the Senator has expired.

Mrs. MURRAY. I ask for an 2 additional minutes.

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

Mrs. MURRAY. Mr. President, the Senator from Massachusetts asked unanimous consent to have the New York Times editorial from today printed in the RECORD. It clearly laid out the case for what is happening today to taxpayers who are paying a tremendous price. And who is losing? It is our students.

We have to stop overcharging the American people. We still have time to do it this year and help students get to college at a time when we all know tuition rates are rising. We need to give more to get more students there.

I warn the Senate, the clock is ticking. Every Member of the Senate has to decide if they stand with students and families and taxpayers, or if they are going to stand with the special interests. Millions of students and millions of families are waiting for this answer. We have to stop the special interest subsidy today.

Mr. President, I yield the floor.

Mr. KENNEDY. Mr. President, I understand we have a colleague who is on her way to the floor. I ask unanimous consent she be entitled to 5 minutes and that we have 5 additional minutes.

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

Mr. KENNEDY. I ask the Chair to remind me when I have 1 minute left.

I ask the Senator from the State of Washington, does she not agree with me that this administration has the power to do something about this, and could do something about it today, this giveaway that is written about in the prominent national newspapers as a giveaway to the banks? Does she agree with me that the Department of Education has said we don't have the authority, we don't have the power, we don't have the legal ability to do something about it? Yet we have the General Accounting Office report:

Family education loan program, statutory and regulatory changes could avert billions—

Hear that? Billions—

... in unnecessary Federal subsidy payments.

On page 8:

We disagree with the department's characterization of their authority.

It seems to me, if this President were interested in protecting middle-income families, in avoiding the kind of continued wasteful subsidy and giveaway to the banks, that the President, the Department of Education, this administration, could do something and do something today.

Would the Senator be willing to express an opinion on that?

Mrs. MURRAY. Mr. President, the Senator from Massachusetts is absolutely correct. The Department of Education could end this today with a simple rulemaking procedure. Instead they are pointing fingers, saying Congress has to do it. Congress had the opportunity in the Appropriations Committee last week. They said, no, we have to wait for an authorization 6 months from now. Every month that goes by we lose billions of dollars in taxpayers' money and thousands of students don't get access to college. We don't need any more fingerpointing on this.

I think the Senator would agree that we don't need the Department of Education pointing to Congress and Congress pointing to the Department of Education. We need to stop this now. The Department of Education can do it by rulemaking and we can do it on any bill that comes before us. But we need to do it and we need to do it quickly.

Mr. KENNEDY. I thank the Senator for her comments.

On August 27, Sally Stroup, Assistant Secretary for Education, said, "I don't think we have the legal authority to stop them."

They made no effort to try to stop them. Senator MURRAY is leading the fight in the Appropriations Committee to try to save the taxpayers and save middle-income families who are stretched with their tuition. Now we have the General Accounting Office saying they do have the power.

I wonder if the Senator would agree with me that we see a whole pattern from this morning's newspapers about how the administration is effectively right in the tank for the powerplants with regard to mercury, coal-fired powerplants, and is now with the bank on student loans. We have seen it with regard to the HMOs. I am wondering who is going to stand up for working families and who is going to stand up for middle America.

Mrs. MURRAY. Mr. President, the Senator from Massachusetts is absolutely right. This is outrageous. We have the Department of Education pointing fingers at Congress when they can make a ruling and stop this practice today. According to all accounts, the delay of this is costing billions of dollars. If we wait for Congress to act on reauthorization of the act 6 months or longer from now, taxpayers are going to lose \$2.8 billion in interest payments. We are in the Senate where we know that access to Head Start is critical, we know access to college is critical, and we know that \$2.8 billion sent to the bank today means students are not getting higher education.

Mr. KENNEDY. Mr. President, when we made the commitment of No Child Left Behind, we thought we were including all children. When this body committed to Medicare, we didn't say we are going to leave some senior citizens out; we said all seniors. When we

made a commitment to voting rights, we said voting rights for all Americans. When we made our commitment to all children in this country, we meant all children.

There it is. This is not disputed. We are failing more than 4 million children. That is unacceptable, particularly when we find that this administration is looking out for their special interests.

I think we have an opportunity to change that on election day, and hopefully will.

I thank the Senator.

I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

The Senator from North Dakota.

Mr. CONRAD. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator has 5 minutes.

THE ECONOMY

Mr. CONRAD. Mr. President, yesterday we heard a number of my colleagues talk about their view of the economy and their view of the fiscal affairs of the country and their view that things are on a positive track. Today, I would like to respectfully offer the other side of the story and what I view as a very dangerous course the Nation is pursuing under the leadership of President Bush.

Earlier this year, on August 30, the President was on the NBC "Today" show and the host asked him this question:

Let me ask you about deficits. This year, \$445 billion. Ballpark, do you think that's pretty good?

President Bush:

Yes. I do, I do.

That is an odd sense of accomplishment because that is the biggest deficit in the history of the United States. The deficit that is now estimated to be some \$422 billion we know is going to be larger because we are funding some of next year's defense money this year because of mounting costs in Iraq. But even at the \$422 billion figure, that is the largest deficit in the Nation's history, and by a big margin.

Last year, under President Bush's fiscal plan, we had what was then a record deficit of \$375 billion. Now it has increased to \$422 billion. But frankly, that understates how serious the situation is.

By contrast, if you go back to the Clinton years, each and every year of the Clinton administration the deficits were reduced and held for a 3-year period. We actually ran budget surpluses. This President has punched us back into deficit, and by a country mile.

The Bush administration now claims that the deficits are coming down. This is the budget director, OMB, chosen by President Bush. He says:

We continue to have deficits, even though they are coming down dramatically.

I don't know what his notion of coming down is, but here is the record. The