In summary, Mr. President, the Republican balanced budget plan constitutes a major step forward for the young people in this country. I believe strongly that these student loan provisions ought to be incorporated in whatever final budget compromise is reached between the President and the Congress. Students, parents, or colleges should not be made to pay more for a college education. The Republican balanced budget plan did not make students, parents, or colleges pay more. The President's plan should not either.

I see also on the floor my colleague from Indiana who has played such a major role and has really taken the lead in shaping this very responsible plan that we have put forward. It is a plan I know he is proud of and I am proud of, as well. I yield the floor.

The PRESIDING OFFICER. Under the previous order, the Senator from Indiana, Mr. COATS, is recognized for up to 45 minutes.

## STUDENT LOANS

Mr. COATS. Mr. President, I will not take nearly that much time. I thank my colleague and friend from Ohio, Senator DEWine, for his support throughout this effort. I will take a portion of that allotted time to explain what we are about and why we feel it is so important, at this particular time, to define the future for those students and parents who are anxiously wondering about what their opportunities will be to secure guaranteed loans for college expenses and university expenses in the future.

As many who have followed this issue know, after weeks of negotiations, the Senate and House reconciled the differences between their two pieces of legislation regarding student loans, and came up with a savings figure of $4.9 billion. We had to do so because, in an effort to balance the budget, which is a noble effort which will hopefully come to a conclusion here in this next week, each committee was directed to achieve a certain amount of savings.

The Labor and Human Resources Committee has a very limited impact in terms of the savings that it can contribute to this balanced budget effort and, in fact, had very little other choice other than to look at student loans. We were faced with somewhat of a dilemma. We know college costs are rising and tuition costs are rising. We know cutting back on the amount of loans available, or the repayment obligations of those loans, puts a serious crimp on families and students alike. So, what we were able to do is come up with our recommended savings, $4.9 billion, without decreasing, without limiting, without imposing any new costs on students, on their families or on the schools. Not one student or one parent will pay 1 cent more for a student loan under the Republican reconciliation package, the balanced budget package, than they pay today.

This debate has gone on for more than a year, but particularly this year. And, unfortunately, there is a tremendous amount of disinformation being spread by the administration that somehow students and parents are going to be adversely affected by these drastic cuts in education; that students will not be able to secure loans to pay for their future education.

Demonstrations have been held during hearings. The hearing room is packed with students coming down. As we point out the facts to these students, they are almost in disbelief, because they have been told that the Republican balanced budget plan is going to drastically reduce their ability to secure student loans and drastically increase the repayment obligations on those loans.

The fact of the matter is, not 1 cent of additional cost is being imposed on students. Mr. President, 70 percent of the $4.9 billion are costs that are imposed on the banks and guaranty agencies and secondary markets who participate in administering these loans: Taking the applications, determining who is eligible, providing the money, doing the repayment collection and so forth. Those are the agencies that will take a second, additional, substantial increase in the amount of expenditures that they will have to absorb without passing any of that on to the students or the parents who take out the loans.

The 1993 Budget Act imposed a very substantial cost, several billion dollars of additional costs on these banks and agencies, and now we are adding an additional $4.9 billion. All of the rhetoric coming out of the Department of Education and coming out of the administration speaks to the opposite of what is happening. Because the balanced budget package actually affords students not only the ability to retain their existing benefits in the same form that they currently exist, but creates new benefits by ensuring that the two student loan programs, the guaranteed loan program and the direct lending program, will offer the same benefits to students. For example, until now, students receiving loans through the direct lending program were given the option of an income-contingent repayment. That is, their repayments were based on their ability to repay—income-contingent. Under the package that is now presented to us, this same option will be extended to students in the guaranteed loan program as well as the direct lending program.

Furthermore, students, their families, and colleges were protected from a precipitous move to an unproven program by capping the direct lending program at 10 percent of total loan volume. The administration has opposed this cap because the President and Department of Education have been committed for some time to a very dramatic extension, an expansion of this program, the direct lending program, and were not willing to take some time and set aside a demonstration to see whether or not it would be in the better interests of the students and colleges and actually provide the savings they claim.

Initially, the savings claimed started out somewhere close to $12-plus billion. That was revised to $6 billion. Then we finally got an estimate back from the Congressional Budget Office saying that, no, it not only would not save money for the Government, it would actually cost money because of a number of factors including administrative costs at the Department of Education.

A point we are trying to deal with here is that if we were to adopt and accept the President's proposals to continually raise the cap and eventually get, I think, to a program that only administered student loans through the direct lending program, we are likely to see the termination of the competing program, the guaranteed loan program, because these agencies cannot continue to absorb increased administrative costs while their market for distributing loans continues to shrink, as more shift over into the direct loan program. So the conferees thought that what we ought to do is double the current size of the direct lending program from 5 to 10 percent, put a cap on that 10 percent, test it as a demonstration program to see how we could administer it efficiently and effectively to see whether or not it lived up to the claims that were made for it, and then make a final decision on what the best way to offer student loans to students would be.

The Clinton plan began by removing any participation target for direct lending, effectively allowing, as I said, direct lending to go to 100 percent, as the administration has been pushing as recently as 5 months ago in legislation that it sent to the Congress. At the same time, the administration was imposing virtually all of the subsidy reductions on the guaranteed loan program, the other program, added to, as I said, increases in costs that were imposed in 1993. Taken together, these subsidy reductions along with the open-ended level of the direct loan program, in my opinion and in the opinions of many, would have effectively ended the guaranteed loan program and effectively denied and taken away the choice for the vast majority of the Nation's schools and students.

Again, let me state the facts. Even though we are putting together a plan to balance the budget in 7 years, the decision was made that we will not achieve savings by imposing on students or their parents or the schools or universities any additional costs. That ought to be good news for every college, every university, and every student and young person in this country. Despite that, we continue to hear and read the rhetoric coming out of the administration that we are denying opportunities to students and imposing higher costs on them. That is simply not true.

Make no mistake, there is a real higher education debate going on. But

the debate is not whether we will provide loan assistance to students going to school. The debate is how we will provide that assistance. It is not a debate about student cuts or school fees, it is a debate about where the funds for loans will originate and who will handle that, administer the loans once they are made. The difference really comes down to whether or not you believe that a Government-run program will be more cost efficient and more effective than a private sector-run program. That point was made very well in the Washington Post op-ed article 2 weeks ago.

Two economists at the CRS, Dennis Zimmerman and Barbara Miles, wrote an article explaining that the debate between the direct lending and the guaranteed loan program is fundamentally a debate over political philosophy and not a debate over economics. I have a quote from what they wrote on this chart:

> There are no inherent cost advantages in direct lending as opposed to guaranteed lending. Regardless of how the loans are made, rules of the program dictate that the same number of loans will be made to the same students for the same purposes, and with the same interest rates and repayment terms. The idea that direct lending would somehow produce multibillion-dollar savings was attributable to . . . [and I think they generously said] misunderstanding.
>
> The choice between the two boils down to political philosophy, not economics.

It is important to keep in mind that these economists at the Congressional Research Service are not individuals who work for the Republican Party, nor are they individuals who have some hidden agenda, who have some connection to the banks or the guaranty agencies. They are simply economists who work for the Congressional Research Service and provide us with objective, nonpartisan analyses of the programs that Congress develops.

As many know, I have been a vocal opponent of the direct lending program since its inception. To put it simply, I simply do not believe that the Federal Government is able to better manage a program than the private sector at a time when we are looking to privatize many Government services because we are discovering—whether it is in small town America, whether it is in our States, or whether it is at the Federal level—that the private sector does the job more efficiently and cost effectively than Government. At a time when we are attempting to privatize and find the savings in Government, along comes the administration saying, ''Let us create a brand new program to be administered by a Government agency, Government bureaucracy, and let us take away a function that is being performed by the private sector and transfer it to Government.''

I think anybody who has studied, or looked at, or even instinctively understands that Government programs do not operate as efficiently or effectively as the private sector, has to seriously question the decision of the administration to begin to administer an entirely new program at the Department of Education.

In my opinion, and on the basis of my analysis of Government programs and the thousands of requests, complaints, and inquiries that come into my Senate office here in Washington, or my Senate or regional offices in Indiana, complaints about the ineptness, the mismanagement, the bureaucracy, and the delays of administering Federal programs, I simply cannot endorse a program that would add yet another function to the Federal Government.

I believe that quality of service would seriously decline. I believe that the default rate would skyrocket. I think that making a Federal agency the responsible agent to ensure that the loans are repaid is not going to begin to give us the accountability that we achieve through the private sector.

One of my greatest concerns is program management. The direct lending program will centralize control at the Department of Education. The new Federal bureaucracy needed to oversee direct lending is already growing and having predictable results. We started with a 5-percent test, and already we are considerably more than that. Some of the results are in.

The Department has had to hire 400 new people to administer the program and has plans to hire some 700 more by the time the program is fully operational.

Yet, a recent issue of Forbes magazine reported that the Department is already having problems managing the $700 million that it disbursed in 1994 through direct loans. In the first year of that program, when the Department was only responsible for 5 percent of total loan volume, they somehow lost track of almost 15 percent of the loans disbursed.

The program mismanagement becomes an even greater concern with the possibility that direct lending could become the only student loan program.

As I mentioned earlier, despite their newfound love for program choice, the President and the Department of Education have made it very clear that they want ultimately to end up with 100 percent direct lending. And, in this environment, the Department of Education would then become the third largest bank in the country requiring a vast new Government bureaucracy to handle details like customer assistance and loan checks.

This is the same Department that, after 16 years of operation and $342 billion of taxpayer money, has failed to improve the quality of education in this country. Do we want this institution to have a monopoly on student loans?

Concern over this program management and whether this is a proper expansion of Federal Government is shared by four former Secretaries of Education. Former Secretaries Bennett, Cavazos, Alexander, and Hufstedler, President Carter's first Secretary of Education, wrote a letter to Senator DOLE opposing direct loans on the grounds that the Department of Education simply cannot manage this program.

I have put on this chart—it may be difficult to see—a copy of this letter to Senator DOLE from the three former Secretaries of Education, Lamar Alexander, Lauro Cavazos and William Bennett, and I will read only a portion of it.

> The effort to rapidly federalize the administration of the massive student loan program is ill-conceived and presents substantial risk to the financial lifeline for millions of this Nation's college students and families.

They further wrote that at a time when the Clinton administration has advocated public-private partnerships and deregulation to improve American competitiveness, the nationalization of the student loan program directly conflicts with those objectives.

Such strong bipartisan opposition to direct lending clearly sends a signal that we need to at the most test this program before allowing it unrestricted and unfettered growth, as the President proposed in his balanced budget plan.

The report that the conference between the House and the Senate gave back to us said they believed it was appropriate to cap this program at a 10-percent rate—10 percent of the total loan volume—and test it to see whether or not our concerns were real concerns.

I believe that a 10-percent cap would allow for a reasonable demonstration to occur. We can then take the results and make further decisions as to what we ought to do.

We ought to heed the words of those former Secretaries of Education from both parties who caution that rapid federalization of student loans as currently being undertaken by the administration presents substantial risk to the financial lifeline for millions of this Nation's college students and families.

I urge my colleagues to save student loans and to support the balanced budget provision which was supported by the Senate.

We are entering now into a period of time over the next several days when some very fundamental decisions will have to be made in terms of getting to a balanced budget in a 7-year period of time with honest numbers, without fudging the numbers or cooking the books or making false assumptions.

We owe it to the future of this country, we owe it to our children and grandchildren, and we owe it to those young people who ought to have the kind of opportunities that we have enjoyed.

This is just one piece of the puzzle. It is an important piece. It is a $4.9 billion piece. But it could result in a program which, if left unfettered, left uncapped and not tested first, could begin

to push us down that road which we have been traveling for the last several decades of open-ended programs with entitlements to individuals and no ability of Congress to check it.

We have a program now that works. We have substantially improved that program in the private sector. We have imposed costs and fees on the banks, guarantors, and lenders that have helped us in our budget savings without imposing additional restrictions on students.

Frankly, it is a pretty good deal for America, to be able, when you send your children to school, to borrow funds at no interest, use those funds to pay college costs, and then have an extended repayment period after graduation where you are not even paying interest on the use of the funds for the entire time that you are in school, plus in a 6-month period of time after graduation from school.

Now, I do not know if there are many better deals in America. If there are, I would like to know about them.

And so I think we ought to deal with the facts and not the political rhetoric. We ought to recognize that we have in place an extraordinarily generous program to help parents who need the help and students who need the help in providing funds to pay for their college costs.

A program which allows you to borrow at zero interest for your entire time in school and then gives you a generous 10-year or more repayment program where the interest does not even begin to run on the amount that you have borrowed until 6 months after you have graduated, give you time to go out and look for employment so that you can begin to pay back these loans, is a pretty generous program. At a time when we are facing a substantial budget crisis, are attempting to bring fiscal responsibility to the Federal Government, at this historic moment when we hope to finally once and for all balance the budget, this is more than a reasonable proposition.

So I hope that the conferees in deciding what the final composition of the Balanced Budget Act will look like and in negotiating with the President understand what the House and Senate have come up with in terms of the student loan program is more than reasonable, does not impose additional costs on students, does not reduce the amount of loans available to those students, and simply is the way we ought to proceed.

Mr. President, I thank you for the time. Whatever time I have remaining I yield back.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for up to 5 minutes.

Mr. EXON. An inquiry of the Chair. I assume we are in morning business. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. EXON. I thank the Chair.

## REV. RICHARD HALVERSON

Mr. EXON. Mr. President, passage of a wonderful, gifted and true Christian gentleman, former Senate Chaplain Richard Halverson, has left another void in our society and great sadness to this friend of his. My wonderful wife, Pat and I always felt Dick Halverson was one of God's greatest gifts to us and our spiritual well-being. He never let us down, and he always built us up.

The Christian glow of Chaplain Halverson, like a strobe light in the dark or a beacon in the storm and fog, shone brightly always and will everlastingly. Few have attained or maintained the mission of what obviously was God's wisdom and compassion in creating and sending forth among us poor sinners this giant workman for faith and good.

I knew him well years before he was called upon to be the spiritual leader of the Senate. Way back in the early 1970's, when I first met this man, I correctly sensed, when he came to Nebraska to lead us in a Governors' Christian retreat, his devotion and his unique ability to spread our Maker's message of peace and love and understanding.

While he is gone from us in this life, and we will miss him, the light and glow of Richard Halverson does not even flicker. It is brighter than ever. For this wonderful man, who has been taken from us and from his family, we issue condolences to that great family of Richard Halverson, but we commit to continue his gentle but most effective teachings that he has left all of us for the betterment of mankind. God bless my brother, Richard Halverson.

I thank the Chair and I yield the floor.

The PRESIDING OFFICER. Under the previous order, the Senator from Georgia [Mr. NUNN], is recognized for up to 25 minutes. The Senator is recognized.

Mr. NUNN. Mr. President, I ask unanimous consent that morning business be extended sufficient time to accommodate my remarks.

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

## A MAN DEARLY LOVED, REV. RICHARD HALVERSON

Mr. NUNN. Mr. President, I first wish to express my gratitude to the Senator from Nebraska for his fine comments on Reverend Halverson, a man we all dearly loved. There was a beautiful and wonderful memorial service to him in the Senate caucus room this week where not only Senators but, more importantly, Senate family—policemen, people working in the dining room, doorkeepers—expressed their profound appreciation for the life and example of this wonderful, wonderful disciple of God. I will be making more complete remarks, and I will also, at a later point, insert in the RECORD some of the remarks made at his memorial service so that all Senators can read them.

I certainly join at this juncture with my friend from Nebraska and thank him for his poignant and very appropriate observation about this dear brother who meant so much to this body and the entire Senate family.

## DEFENSE AUTHORIZATION CONFERENCE REPORT

Mr. NUNN. Mr. President, before I speak on my frustrations with the War Powers Act and relate some of the most recent debate on Bosnia and most recent deployment of American military forces, I would like to say there was an article in the Washington Times this morning in effect saying I had declared all-out war in an effort to lobby Senators to defeat the Defense authorization conference report.

Mr. President, just for clarification, I will vote against the conference report. I worked very hard with Senator THURMOND and with other members of the committee to get a bill that would not only be something that I could support but also, more importantly, that the President would sign. I am afraid we do not have that kind of product coming in the conference report. But I have informed the Democratic Cloakroom and the Democratic leadership that I wish to cooperate fully with Senator THURMOND in getting this conference report before the Senate. I certainly will do everything I can to get a time agreement for a reasonable period for debate where people can express their views both ways, for and against this bill. I will do everything I can to persuade other Senators not to have extended debate. I have no intent of trying to keep this bill from going to the President for his final decision, whether he signs it or whether he does not sign it.

This article also said I was busy laying some kind of strategy to defeat the bill and lobbying Republican Senators and that I was trying to get out in front of Chairman THURMOND and defeat this bill.

Mr. President, I have not asked a single Senator to vote against this bill. I do not intend to lobby against the bill. I intend to state my views as to why I cannot support the bill. The conference report speaks for itself. There are some people who will be for it, some opposed to it. This article is right out of the whole cloth. I do not know how reporters are able to make these kinds of reports to the public without any check whatsoever with the people they are purporting to report on, in this case me.

It is true that I said I would vote against the bill. It is true that I laid out some of the reasons in a press release. It is not true that I am trying to impede the bill and its progress. It is not true that I am launching any kind of all-out effort to defeat the bill. It is my view that the bill will pass.

It will have, I think, majority support. It will have support from people, I am sure, from both sides of the aisle. So, I wanted to clarify my view on this.