HOUSE OF REPRESENTATIVES—*Tuesday, December 3, 1985*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

The Lord is my light and my salvation; Whom shall I fear? The Lord is the stronghold of my life; of whom shall I be afraid?—Psalm 27:1.

May Your love, O God, cause fear to wane and faith to grow. May Your presence, O God, dispel darkness and allow light to lighten our path and may Your truth give us hope all the days of our life. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. MILLER of Washington. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. MILLER of Washington. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 255, nays 126, answered "present" 4, not voting 49, as follows:

[Roll No. 422]

YEAS—255

Ackerman	Boner (TN)	Cooper
Akaka	Bonior (MI)	Coyne
Alexander	Bonker	Crockett
Anderson	Borski	Daniel
Andrews	Bosco	Darden
Annunzio	Boucher	Daschle
Anthony	Boxer	Davis
Applegate	Breaux	de la Garza
Archer	Brooks	DeLay
Aspin	Brown (CA)	Derrick
Atkins	Broyhill	Dicks
AuCoin	Bruce	Dingell
Barnard	Bryant	Dixon
Barnes	Burton (CA)	Donnelly
Bateman	Bustamante	Dorgan (ND)
Bates	Carper	Downey
Bedell	Carr	Durbin
Beilenson	Chapman	Dwyer
Bennett	Chappell	Early
Berman	Clinger	Eckart (OH)
Bevill	Coats	Eckert (NY)
Biaggi	Coleman (TX)	Edwards (CA)
Boggs	Collins	English
Boland	Combest	Erdreich
Fascell	Lipinski	Sabo
Fazio	Long	Savage
Fish	Lowry (WA)	Scheuer
Flippo	Luken	Schneider
Florio	Lundine	Schulze
Foglietta	Manton	Schumer
Ford (MI)	Markey	Seiberling
Ford (TN)	Matsui	Sharp
Frank	Mavroules	Shelby
Franklin	Mazzoli	Shumway
Frost	McCloskey	Sisisky
Fuqua	McCurdy	Slattery
Gaydos	McDade	Smith (FL)
Gejdenson	McHugh	Smith (IA)
Gephardt	McMillan	Smith (NE)
Gibbons	Mica	Smith (NJ)
Gilman	Mikulski	Snowe
Glickman	Miller (CA)	Snyder
Gonzalez	Miller (WA)	Solarz
Gordon	Mineta	Spratt
Gradison	Moakley	St Germain
Gray (IL)	Mollohan	Staggers
Green	Montgomery	Stallings
Guarini	Moody	Stark
Hall (OH)	Morrison (CT)	Stenholm
Hall, Ralph	Murphy	Stokes
Hamilton	Murtha	Stratton
Hartnett	Myers	Studds
Hatcher	Natcher	Sweeney
Hawkins	Neal	Swift
Hefner	Nichols	Synar
Hertel	Nielson	Tallon
Hillis	Oakar	Tauzin
Horton	Oberstar	Thomas (GA)
Howard	Obey	Torres
Hoyer	Olin	Torricelli
Hubbard	Ortiz	Traficant
Huckaby	Owens	Udall
Hughes	Packard	Valentine
Hutto	Panetta	Vento
Hyde	Pashayan	Visclosky
Jeffords	Pease	Volkmer
Jenkins	Pepper	Walgren
Jones (NC)	Perkins	Watkins
Jones (OK)	Pickle	Waxman
Jones (TN)	Porter	Weiss
Kanjorski	Quillen	Wheat
Kastenmeier	Rahall	Whitley
Kemp	Rangel	Whitten
Kildee	Ray	Williams
Kleczka	Reid	Wilson
Kostmayer	Richardson	Wirth
LaFalce	Rinaldo	Wise
Lantos	Ritter	Wolpe
Leath (TX)	Robinson	Wortley
Lehman (CA)	Rodino	Wright
Lehman (FL)	Rose	Wyden
Leland	Rostenkowski	Wylie
Levin (MI)	Rowland (GA)	Yates
Levine (CA)	Roybal	Yatron
Lewis (CA)	Rudd	Young (MO)

NAYS—126

Armey	Craig	Hansen
Badham	Crane	Hendon
Bartlett	Dannemeyer	Henry
Barton	Daub	Hiler
Bereuter	DeWine	Holt
Bliley	Dickinson	Hopkins
Boehlert	Dornan (CA)	Hunter
Boulter	Dreier	Ireland
Brown (CO)	Dyson	Jacobs
Burton (IN)	Emerson	Kasich
Callahan	Evans (IA)	Kindness
Campbell	Fawell	Kolbe
Chandler	Fiedler	Kramer
Chappie	Fields	Lagomarsino
Cheney	Gallo	Latta
Clay	Gekas	Leach (IA)
Cobey	Gingrich	Lent
Coble	Goodling	Lewis (FL)
Coleman (MO)	Gregg	Lightfoot
Conte	Grotberg	Livingston
Coughlin	Gunderson	Lloyd
Courter	Hammerschmidt	Loeffler
Lott	Pursell	Smith, Robert (OR)
Lowery (CA)	Regula	Solomon
Lungren	Ridge	Spence
Mack	Roberts	Stangeland
Madigan	Roemer	Strang
Marlenee	Rogers	Stump
Martin (IL)	Rowland (CT)	Sundquist
McCain	Saxton	Swindall
McCandless	Schaefer	Tauke
McGrath	Schroeder	Taylor
McKernan	Schuette	Thomas (CA)
Meyers	Sensenbrenner	Vander Jagt
Michel	Shaw	Walker
Mitchell	Shuster	Weber
Molinari	Sikorski	Whittaker
Monson	Siljander	Wolf
Moorhead	Skeen	Young (AK)
Morrison (WA)	Slaughter	Young (FL)
Oxley	Smith, Denny (OR)	Zschau
Parris	Smith, Robert (NH)	
Penny		

ANSWERED "PRESENT"—4

Dymally	Hayes
Gray (PA)	Martinez

NOT VOTING—49

Addabbo	Fowler	Nelson
Bentley	Frenzel	Nowak
Bilirakis	Garcia	O'Brien
Broomfield	Heftel	Petri
Byron	Johnson	Price
Carney	Kaptur	Roe
Coelho	Kennelly	Roth
Conyers	Kolter	Roukema
Dellums	Lujan	Russo
DioGuardi	MacKay	Skelton
Dowdy	Martin (NY)	Towns
Duncan	McCollum	Traxler
Edgar	McEwen	Vucanovich
Edwards (OK)	McKinney	Weaver
Evans (IL)	Miller (OH)	Whitehurst
Feighan	Moore	
Foley	Mrazek	

Mr. FAWELL changed his vote from "present" to "nay."

So the Journal was approved.

The result of the vote was announced as above recorded.

APPOINTMENT OF CONFEREES ON H.R. 2965, THE DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATION ACT, 1986

Mr. SMITH of Iowa. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2965) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1986, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Iowa? The Chair hears none, and appoints the following conferees: Messrs. SMITH of Iowa, ALEXANDER, EARLY, DWYER of New Jersey, CARR, BOLAND,

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

WHITTEN, O'BRIEN, REGULA, ROGERS, and CONTE.

PRIVATE CALENDAR

The SPEAKER. This is Private Calendar day. The Clerk will call the first individual bill on the Private Calendar.

STEVEN McKENNA

The Clerk called the bill (H.R. 1598) for the relief of Steven McKenna.

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

PAULETTE MENDES-SILVA

The Clerk called the bill (H.R. 2316) for the relief of Paulette Mendes-Silva.

There being no objection, the Clerk read the bill as follows:

H.R. 2316

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS.

The Congress finds that—

(1) on March 12, 1963, an employee of the Public Health Service of the United States Department of Health, Education, and Welfare administered an inoculation against yellow fever to Paulette Mendes-Silva of London, England;

(2) after the inoculation Paulette Mendes-Silva contracted postvaccinal encephalitis;

(3) Paulette Mendes-Silva did not file a cause of action in any court seeking damages for her injuries within the time periods permitted by law; and

(4) due to the extreme severity of the injuries of Paulette Mendes-Silva and her unfamiliarity with the United States legal system, it is in the interest of justice to permit Paulette Mendes-Silva to seek damages for her injuries, notwithstanding the expiration of the applicable statutes of limitations.

SEC. 2. WAIVER OF CERTAIN FEDERAL TORT CLAIMS LIMITATIONS.

Notwithstanding section 2675 of title 28, United States Code, and section 2401(b) of such title, or any other limitation on actions at law or in equity, the United States District Court for the District of Columbia shall have jurisdiction to hear, determine, and render judgment on [any claim of Paulette Mendes-Silva against the United States for personal injuries which she allegedly] incurred after the inoculation described in section 1(1) was administered. The court shall apply the laws of the District of Columbia in such case.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. BERMAN

Mr. BERMAN. Mr. Speaker, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. BERMAN: Strike all after the enacting clause and insert in lieu thereof the following:

That (a) notwithstanding section 2675 of title 28, United States Code, and section 2401(b) of such title, or any other limitation on actions at law or in equity, the United States District Court for the District of Columbia shall have jurisdiction to hear, determine, and render judgment on any claim of Paulette Mendes-Silva against the United States for personal injuries which she allegedly incurred after an innoculation on March 12, 1963, by an employee of the Public Health Service of the United States Department of Health, Education, and Welfare. Any such claim of Paulette Mendes-Silva shall be brought within 6 months after the date of the enactment of this Act. The court shall apply the laws of the District of Columbia in such case.

(b) Nothing in this Act shall be construed as an inference of liability on the part of the United States.

Mr. BERMAN (during the reading). Mr. Speaker, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER. The question is on the amendment in the nature of a substitute offered by the gentleman from California [Mr. BERMAN].

The amendment in the nature of a substitute was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BERMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

RAILROAD RIGHT-OF-WAY CONVEYANCE VALIDATION ACT OF 1985

The Clerk called the bill (H.R. 2067) to validate conveyances of certain lands in the State of California that form part of the right-of-way granted by the United States to the Central Pacific Railway Company.

There being no objection, the Clerk read the bill as follows:

H.R. 2067

Be it enacted by the Senate and House of Represenatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Railroad Right-of-Way Conveyance Validation Act of 1985".

SEC. 2. VALIDATION OF CONVEYANCES.

Except as provided in section 7, the conveyances described in section 3 (involving certain lands in San Joaquin County, State of California), section 4 (involving certain lands in Sacramento County, State of California), section 5 (involving certain land in Kings County, State of California), and section 6 (involving certain lands in Nevada County, State of California) concerning lands that form parts of the right-of-way granted by the United States to the Central Pacific Railway Company in the Act entitled "An Act to aid in the Construction of a Railroad and Telegraph Line from the Missouri River to the Pacific Ocean, and to secure to the Government the Use of the same for Postsal, Military, and Other Purposes", approved July 1, 1862 (12 Stat. 489), hereby are legalized, validated, and confirmed, as far as any interest of the United States in such lands is concerned, with the same force and effect as if the land involved in each such conveyance had been held, on the date of such conveyance, under absolute fee simple title by the grantor of such land.

SEC. 3 CONVEYANCES OF LANDS IN SAN JOAQUIN COUNTY, STATE OF CALIFORNIA.

The conveyances of lands in San Joaquin County, State of California, referred to in section 2 are as follows:

(1) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Harvey Davies and Mary E. Davies, grantees, on January 13, 1981, and recorded as instrument numbered 81013684 on March 6, 1981, in the official records of San Joaquin County, State of California;

(2) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Gloria Martinez, Tina Marie Aldaco, and Yolanda Martinez, grantees, on January 13, 1981, and recorded as instrument numbered 81013685 on March 6, 1981, in the official records of San Joaquin County, State of California;

(3) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Gregorio Estrada Blanco and Antonio Miranda Blanco, grantees, on January 13, 1981, and recorded as instrument numbered 81013686 on March 6, 1981, in the official records of San Joaquin County, State of California;

(4) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Iris Fong, grantee, on January 13, 1981, and recorded as instrument numbered 81013687 on March 6, 1981, in the official records of San Joaquin County, State of California;

(5) the conveyance entered into between the Central Pacific Railway Company and the Southern Pacific Company, grantors, and Margaret Gieseke, grantee, on October 31, 1939, and recorded on February 13, 1940, in volume 669, page 473, of the book of official records of San Joaquin County, State of California;

(6) the conveyance entered into between the Central Pacific Railway Company and the Southern Pacific Company, grantors, and Henry Meiburg and Erna Meikburg, grantees, on October 31, 1939, and recorded on February 13, 1940, in volume 669, page 476, of the book of official records of San Joaquin County, State of California;

(7) the conveyance entered into between the Central Pacific Railway Company and the Southern Pacific Company, grantors, and Frank Ward, grantee, on October 31, 1939, and recorded on February 13, 1940, in volume 669, page 474, of the book of official records of San Joaquin County, State of California;

(8) the conveyance entered into between the Central Pacific Railway Company and

Southern Pacific Company, grantors, and Frank Penny, grantee, on October 31, 1939, and recorded on February 13, 1940, in volume 676, page 275, of the book of official records of San Joaquin County, State of California;

(9) the conveyance entered into between the Central Pacific Railway Company and the Southern Pacific Company, grantors, and John B. Coughlan, grantee, on October 31, 1939, and recorded on February 13, 1940, in volume 676, page 277, of the book of official records of San Joaquin County, State of California;

(10) the conveyance entered into between the Central Pacific Railway Company and the Southern Pacific Company, grantors, and the Fabian-Grunauer Company, grantee, on January 7, 1930, and recorded on February 7, 1930, in volume 1, page 86, of the book of official records of San Joaquin County, State of California;

(11) the conveyance entered into between the Central Pacific Railway Company and the Southern Pacific Company, grantors, and Libby McNeill and Libby, grantee, on October 31, 1928, and recorded on November 30, 1928, in volume 255, page 383, of the book of official records of San Joaquin County, State of California;

(12) the conveyance entered into between the Central Pacific Railway Company and the Southern Pacific Company, grantors, and A. J. Hussell, grantee, on January 7, 1930, and recorded on February 13, 1930, in volume 314, page 138, of the book of official records of San Joaquin County, State of California;

(13) the conveyance entered into between Charles Crocker, grantor, and Frank Curran, grantee, on January 8, 1880, and recorded on January 31, 1883, in book A, volume 49, page 600, of the deeds of San Joaquin County, State of California;

(14) the conveyance entered into between the Pacific Improvement Company, grantor, and Edward Curran, grantee, on May 24, 1901, and recorded on June 26, 1901, in book A, volume 116, page 118, of the deeds of San Joaquin County, State of California, excluding that portion of such conveyance concerning lots 14 and 15 in block 15 as designated on the map entitled "Map of the Town of Tracy San Joaquin California", filed at the request of the Southern Pacific Railroad on June 29, 1892, in volume 2, page 63, of the maps and plats of San Joaquin County, State of California;

(15) the conveyance entered into between the Pacific Improvement Company, grantor, and Sarah Idelia Duffy, grantee, on December 9, 1891, and recorded on December 31, 1891, in book A, volume 75, page 59, of the deeds of San Joaquin County, State of California;

(16) the conveyance entered into between the Pacific Improvement Company, grantor, and C. A. Slack, grantee, on May 29, 1909, and recorded on November 10, 1909, in book A, volume 182, page 304, of the deeds of San Joaquin County, State of California;

(17) the conveyance entered into between the Pacific Improvement Company, grantor, and Frank Brusso, grantee, on August 23, 1911, and recorded on October 11, 1911, in book A, volume 205, page 448, of the deeds of San Joaquin County, State of California;

(18) the conveyance entered into between the Pacific Improvement Company, grantor, and Lee Chong, grantee, on September 30, 1911, and recorded on October 23, 1911, in book A, volume 205, page 471, of the deeds of San Joaquin County, State of California;

(19) the conveyance entered into between the Pacific Improvement Company, grantor, and Lee Jung, grantee, on September 30, 1911, and recorded on October 23, 1911, in book A, volume 205, page 470, of the deeds of San Joaquin County, State of California;

(20) the conveyance entered into between the Pacific Improvement Company, grantor, and Ju Wing, grantee, on January 25, 1911, and recorded on February 14, 1911, in book A, volume 201, page 105, of the deeds of San Joaquin County, State of California;

(21) the conveyance entered into between the Pacific Improvement Company, grantor, and A. Grunauer, grantee, on June 8, 1910, and recorded on June 17, 1910, in book A, volume 187, page 520, of the deeds of San Joaquin County, State of California, excluding that portion of such conveyance concerning lots 12 and 13 in block 36 as designated on the map entitled "Map of the Town of Tracy San Joaquin California", filed at the request of the Southern Pacific Railroad on June 29, 1892, in volume 2, page 63, of the maps and plats of San Joaquin County, State of California;

(22) the conveyance entered into between the Pacific Improvement Company, grantor, and Josie Batten, grantee, on October 10, 1910, and recorded on December 5, 1910, in book A, volume 193, page 477, of the deeds of San Joaquin County, State of California;

(23) the conveyance entered into between the Pacific Improvement Company, grantor, and Frank Brusso, grantee, on March 18, 1912, and recorded on September 5, 1912, in book A, volume 211, page 459, of the deeds of San Joaquin County, State of California;

(24) the conveyance entered into between the Pacific Improvement Company, grantor, and George Leonard, grantee, on October 16, 1911, and recorded on December 7, 1911, in book A, volume 207, page 205, of the deeds of San Joaquin County, State of California;

(25) the conveyance entered into between the Pacific Improvement Company, grantor, and George Leonard, grantee, on December 12, 1911, and recorded on December 20, 1911, in book A, volume 205, page 587, of the deeds of San Joaquin County, State of California;

(26) the conveyance entered into between the Pacific Improvement Company, grantor, and Jacob Stritzinger, grantee, on February 10, 1912, and recorded on December 29, 1914, in book A, volume 250, page 377, of the deeds of San Joaquin County, State of California;

(27) the conveyance entered into between the Pacific Improvement Company, grantor, and M. R. Fothergill, grantee, on July 13, 1917, and recorded on July 29, 1917, in book A, volume 315, page 34, of the deeds of San Joaquin County, State of California;

(28) the conveyance entered into between the Pacific Improvement Company, grantor, and Miles J. Brown, J. C. Droge, and W. F. Sattler, grantees, on March 29, 1916, and recorded on April 1, 1916, in book A, volume 273, page 375, of the deeds of San Joaquin County, State of California, excluding that portion of such conveyance concerning—

(A) lots 1 through 9, and lots 12 and 13, in block 37;

(B) lots 1 through 5 in block 38;

(C) lots 11, 12, 19, and 20 in block 45;

(D) lots 11 through 18 in block 48; and

(E) lots 15 through 18, and lots 20 through 23, in block 51;

as designated on the map entitled "Map of the Town of Tracy San Joaquin California", filed at the request of the Southern Pacific Railroad on June 29, 1892, in volume 2, page 63, of the maps and plats of San Joaquin County, State of California;

(29) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Manual Joseph Silva, Mary Ann Gloria Silva, and Anna I. Silva, grantees, on January 13, 1981, and recorded as instrument numbered 81013675 on March 6, 1981, in the official records of San Joaquin County, State of California;

(30) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Ada Lotierzo, grantee, on January 13, 1981, and recorded as instrument numbered 81013677 on March 6, 1981, in the official records of San Joaquin County, State of California;

(31) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Marie E. Wilson, grantee, on January 13, 1981, and recorded as instrument numbered 81013678 on March 6, 1981, in the official records of San Joaquin County, State of California;

(32) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and the Home Mission Board of the Southern Baptist Convention, grantee, on January 13, 1981, and recorded as instrument numbered 81013676 on March 6, 1981, in the official records of San Joaquin County, State of California;

(33) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Jose Gutierrez and Maria Gutierrez, grantees, on January 13, 1981, and recorded as instrument numbered 81013674 on March 6, 1981, in the official records of San Joaquin County, State of California;

(33) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Odessa Jones Manley, grantee, on January 13, 1981, and recorded as instrument numbered 81013679 on March 6, 1981, in the official records of San Joaquin County, State of California;

(33) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and William Assad, grantee, on January 13, 1981, and recorded as instrument numbered 81013680 on March 6, 1981, in the official records of San Joaquin County, State of California;

(36) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Larry C. Fragoso, grantee, on January 13, 1981, and recorded as instrument numbered 81013681 on March 6, 1981, in the official records of San Joaquin County, State of California; and

(37) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and the Housing Authority of the County of San Joaquin, grantee, on January 13, 1981, and recorded as instrument numbered 81013682 on March 6, 1981, in the official records of San Joaquin County, State of California.

SEC. 4. CONVEYANCES OF LANDS IN SACRAMENTO COUNTY, STATE OF CALIFORNIA.

The conveyances of lands in Sacramento County, State of California, referred to in section 2 are as follows:

(1) the conveyance entered into between the Southern Pacific Company, grantor, and Walker & Donant, grantee, on February 24, 1967, and recorded as instrument numbered 13155 on March 1, 1967, in book 67-03-01, page 284, of the official records of Sacramento County, State of California; and

(2) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Walker and Donant,

grantee, on September 20, 1976, and recorded as instrument numbered 125515 on October 19, 1976, in book 7610-19, page 567, of the official records of Sacramento County, State of California.

SEC. 5. CONVEYANCE OF LAND IN KINGS COUNTY, STATE OF CALIFORNIA.

The conveyance of land in Kings County, State of California, referred to in section 2 is as follows: the conveyance entered into between the Southern Pacific Company, grantor, and the Continental Grain Company, grantee, on August 7, 1968, and recorded as instrument numbered 11974 on September 30, 1968, in book 927, page 898, of the official records of Kings County, State of California.

SEC. 6. CONVEYANCE OF LANDS IN NEVADA COUNTY, STATE OF CALIFORNIA.

The conveyance of lands in Nevada County, State of California, referred to in section 2 are as follows: the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Soda Springs Station, grantee, on March 19, 1981, and recorded as instrument numbered 81 07969 on March 31, 1981 in the official records of Nevada County, State of California.

SEC. 7. LIMITATIONS ON VALIDATION OF CONVEYANCES.

(a) SAVINGS CLAUSE.—Nothing in this Act shall be construed to—

(1) diminish the right-of-way referred to in section 2 to a width of less than fifty feet on each side of the center of the main track or tracks maintained by the Southern Pacific Transportation Company on the date of the enactment of this Act; or

(2) legalize, validate, or confirm, with respect to any land that is the subject of a conveyance referred to in section 3, 4, or 5, any right or title to, or interest in, such land arising out of adverse possession, prescription, or abandonment, and not confirmed by such conveyance.

(b) RESERVATION.—There is reserved to the United States all oil, coal, or other minerals in any land that forms a part of the right-of-way referred to in section 2 and is the subject of a conveyance referred to in section 3, 4, or 5, together with the right to prospect for, mine, and remove such oil, coal, or other minerals under such rules and regulations as the Secretary of the Interior may prescribe.

With the following committee amendments:

Page 13, after line 19, insert the following:

(3) the conveyance entered into between Central Pacific Railway Company, grantor, and James Keymer, grantee, on June 13, 1931, and recorded as instrument numbered 10705 on July 13, 1931, in book 359, page 1, of the official records of Sacramento County, State of California.

Page 15, line 3, change "or 5," to "5, or 6,"

Page 15, line 10, change "or 5," to "5, or 6,"

Mr. BOUCHER (during the reading). Mr. Speaker, I ask unanimous consent that the bill and the committee amendments be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DOCUMENTATION OF VESSEL "MARILYN" FOR COASTWISE TRADE

The Clerk called the bill (H.R. 739) relating to the documentation of the vessel *Marilyn* to be employed in the coastwise trade.

There being no objection, the Clerk read the bill as follows:

H.R. 739

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding section 27 of the Merchant Marine Act, 1920 (46 U.S.C. 883), or any other provision of law, the Secretary of the Department in which the Coast Guard is operating shall cause the vessel Marilyn, a foreign-built vessel substantially rebuilt in the United States and presently jointly owned by Van K. and Marilyn Nield of Annapolis, Maryland, to be documented as a vessel of the United States with the privilege of being employed in the coastwise trade upon compliance with the usual requirements other than any requirement that such vessel be built in the United States.

With the following committee amendment in the nature of a substitute:

Strike out all after the enacting clause and insert the following:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding sections 12105, 12106, 12107, and 12108 of title 46, United States Code, and section 27 of the Merchant Marine Act, 1920 (46 App. U.S.C. 883), as applicable on the date of this Act, the Secretary of the Department in which the Coast Guard is operating may issue a certificate of documentation for the vessels: Marilyn, Maryland registration number MD 3533 AA; Jane E, *Bahamian official number 315924;* Diane M, *Bahamian official number 315925;* Royal Star, *Michigan registration number MC 9707 J;* Alaskan Shores, *United States official number 603879;* Shearwater, *United States official number 260827;* Gypsy Rose, *California registration number CF 4291 HF; and* Eliminator, *United States official number 507572.*

Mr. BOUCHER (during the reading). Mr. Speaker, I ask unanimous consent that the bill and the committee amendment in the nature of a substitute be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The committee amendment in the nature of a substitute was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. BOUCHER. Mr. Speaker, I ask unanimous consent that the further call of the Private Calendar be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

HIGHER EDUCATION ACT

(Mr. DANIEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANIEL. Mr. Speaker, I rise in support of the Higher Education Act.

Earlier in the year, when I had tentatively decided to retire from the Congress, I contributed roughly $25,000 from surplus campaign funds to institutions of learning in Virginia, because of my strong belief in quality education.

For a number of reasons, I have revisited that decision to retire, but I continue to feel that the contributions was a wise investment.

This belief in quality education leads me to support H.R. 3700. It is not a perfect bill: None of them are. But it provides the tools for perfecting the higher education programs presently available, and at somewhat lower authorization levels than would be the case in the absence of this bill.

I came of age when a college education was a privilege of the moneyed elite. It goes without saying, my family and I did not fall in this category. But it was a time, too, when the world of work was far less complicated.

Today, a young person who does not possess at least some education or training beyond a secondary school diploma will be hard pressed to prosper in a world economy.

The Federal Government does not owe every young person a college education, and it could not pay the bill if it did. But if you believe, as I do, that education enriches not just the individual but society as a whole, then there is no choice but to support reasonable programs to at least partially achieve that goal.

□ 1225

CONGRESS SHOULD RESOLVE PRESSING ISSUES BEFORE GOING HOME FOR CHRISTMAS

(Mrs. SMITH of Nebraska asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SMITH of Nebraska. Mr. Speaker, today I would like to share some notes I've made about my schedule during the Thanksgiving recess. I held 20 meetings in 18 of the 62 counties in my district, which by the way, is the eighth largest represented in this body and covers nearly 60,000 square miles, or three-fourths of the State of Nebraska. At my last meeting, the temperature was 5 below zero with

a wind chill of minus 31, and still we had a crowd.

You will all be interested to know that I spoke before 300 students from all over the State who were holding a model congress at Kearney State College. In Hastings, I participated in ceremonies in which the junior high school was awarded the Presidential "E" for excellence as one of the exemplary public schools in the Nation.

I also arranged a public meeting with Environmental Protection Agency officials from Kansas City. Some 90 Hastings area residents wanted them to explain how EPA could use more flexibility and common sense in their Superfund Program.

I also spoke with the board and many of the 400 Livestock Feeders at their meeting about the outlook and the problems in their industry.

In all the 13 town hall meetings in my district, the second most agricultural district represented in the House, I detected a greater interest and concern about issues than ever before. Now that's not because I am getting so much better at talking about them or a lot smarter. It's because people care about what is going on back here in Washington. What the Congress is going to do about the Farm Credit System, the 1985 farm bill and the Federal deficit are tops on their minds. What we do here has a real impact on the lives at home—on the rural main streets, on the farms and ranches, in the neighborhood stores and shopping malls.

I held one town hall meeting in a town that has a population of 50. Between 70 and 80 people showed up at 9 o'clock in the morning.

That should prove to you that they care about what you and I are doing back here. I hope you will all realize how important these issues are to rural America and that we will solve them before we adjourn.

PROTECTING THE PUBLIC HEALTH

(Mr. ROWLAND of Georgia asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROWLAND of Georgia. Mr. Speaker, while we are all concerned about the spread of this new sexually transmitted disease, AIDS, among our population, we must also provide leadership to assure that reasonable measures are taken to deal with the spread of acquired immune deficiency syndrome. The Congress has already acted to provide increased funding for research on prevention and cure of AIDS. It is my intention to submit legislation to further impact on this disease through a number of educational, preventive, and humanitarian measures.

Since we cannot expect a quick discovery of a vaccine or cure for AIDS, there are additional actions that could be taken as interim measures to prevent the futher spread of the disease and to assist State and local health authorities in the care of those victims who cannot afford their own medical care. Although some of the actions which I will be proposing are of greater import than the others, I have selected them because they are achievable and if enacted would, I believe, impact on the spread of AIDS.

Briefly, these include; health education for college students, testing for Federal prisoners, correlation with drug and substance abuse, veterans health services, and Medicaid coverage.

First, in order to alert our student population to the dangers of this and other sexually transmitted diseases, I will propose a national task force composed of educators and health officials to study the incidence of these diseases on college campuses and develop educational materials on prevention.

Second, to prevent the spread of AIDS among Federal prisoners, I will ask that all new prisoners be tested for the disease and that periodic testing be provided for all prisoners.

Third, while all the evidence is not yet in on the role of certain drugs and substances on the susceptibility of some individuals who have been exposed to the AIDS virus to actually fall victim to the disease, I believe that action should be taken against some of these substances which have no recognized medical or commercial value.

Fourth, so that we can adopt a model of care for our veterans which has been recognized as not only more humane but also cost effective, I will propose that home health, hospice, and nursing home services be made available directly by the VA or through contracts for veteran victims of AIDS.

Fifth, in order to offer relief to the States and public hospitals burdened by the high cost of caring for AIDS patients, I will request that the Congress consider providing Medicaid assistance for their care.

Mr. Speaker, these proposed actions will not solve the problem that our society and the world faces in this disease. However, we must continue taking whatever steps we can to fight it while we await a vaccine and a cure.

RESTRAINT NEEDED ON THE COVERAGE OF TERRORIST ACTS

(Mr. BEREUTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEREUTER. Mr. Speaker, yesterday the Christian Science Monitor suggested that two tracks regarding terrorism merit special attention in an effective international program to counter terrorism. The first track consists of a variety of short-term steps to enhance airport security, speed the judicial process, and bolster intelligence and diplomatic channels to identify assailants.

The second track, which I would emphasize today, suggests:

> The world's response to terrorism needs to be ratcheted downward, particularly by the news media. A studied "indifference"—not allowing requisite discussion and reportage to be overwhelmed by emotionalism—should not be confused with inaction, or unconcern for victims. Terrorism thrives in publicity's glare. Terrorists must be made to know that they cannot trifle with the sovereignty of a nation. They cannot be allowed to commandeer the attention of the world. A more temperate response to a terrorists incident allows a government greater freedom to reach a correct course of action—rather than being hurried by public opinion into potentially unwise or rash actions. Although action at times may be called for, governments should not feel compelled to take violent steps to protect their reputations for decisiveness.

This good advice, from a most respected American newspaper, ought to be taken to heart by the national news media and the independent news media of the civilized world. The public interest demands self-imposed, responsible restraint by the fourth estate.

A copy of the complete editorial is being placed in that part of the RECORD entitled "Extensions of Remarks."

SUPPORT THE TAX REFORM BILL

(Mr. PEASE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEASE. Mr. Speaker, this afternoon in an hour or so, the House Committee on Ways and Means will report out the Tax Reform Act of 1985. Members of Congress will then be in for what the Ways and Means Committee has endured over the last 3 or 4 months; and that is a parade of lobbyists, telling us why the tax reform bill should not be enacted.

I hope that Members will pay attention to what is good for your constituents and ask them whether they favor this tax reform bill.

The bottom line on the tax reform bill is that almost all middle income and lower income constituents will get tax cuts. They will get lower marginal rates; they will get an $1,100 increase in the standard deduction; they will get an increase in the personal exemption, from $1,040 to $1,500 or $2,000. The first $14,800 of income will be free from taxation.

That is the bottom line. That is why we should support this tax reform bill.

CONGRESS SHOULD ACT PROMPTLY ON BUDGET RECONCILIATION

(Mr. GRAY of Pennsylvania asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GRAY of Pennsylvania. Mr. Speaker, I would like to urge the Congress to act promptly this week on budget reconciliation. As you remember, the budget resolution passed by the House on August 1 directed that we achieve $19.3 billion in fiscal year 1986, with a 3-year total of $75.5 billion.

The House has more than met its target through several different pieces of legislation. H.R. 3500, H.R. 2100, and H.R. 3128. All in all, these actions by the House will reduce the deficit by $80.5 billion over the next 3 years.

For the past 2 months, Members have worked diligently on Gramm-Rudman. I applaud that effort, but let us get down to the business of deficit reduction right now before we adjourn. The House is prepared to move on reconciliation. I hope the other body will join us in doing it before we adjourn. Each second that ticks by without action on reconciliation, dollars are added to the record deficit already in place.

Any further delay on reconciliation means that our deficits grow bigger and our economy gets weaker and the longer we wait to take the medicine, the more serious the problem becomes in deficit reduction.

I urge the other body to join us and pass reconciliation before we adjourn for Christmas.

DENYING MOST-FAVORED-NATION TRADE STATUS TO NATIONS THAT SUPPORT TERRORISM

(Mr. BARTON of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARTON of Texas. Mr. Speaker, terrorism against the United States and her citizens is a cruel reality that must be addressed. Recently we have witnessed the hijacking of a TWA airliner, an Italian cruise ship and most recently an Egyptian airliner. In all instances, terrorists selected innocent Americans for torture and murder. According to the FBI, 50 percent of the international terrorist incidents since 1968 were directed at Americans. This year, 70 percent of all terrorist activities have been against American citizens.

In some cases, the criminal acts of terrorism are the work of individuals and organizations that have little support in the world community. Their acts properly receive the condemnation of civilized people throughout the world.

However, the specter of state-supported terrorism has arisen in recent years. There are nations that support terrorism and the time has come for the United States to take direct action to force them to cease their support for terrorist organizations. The United States is a nation of great economic power and we feel that it is entirely appropriate that we use our economic power as a weapon against international terrorism.

The legislation that we propose would repeal trade preferences to nations that support terrorism. We were both surprised and disturbed to discover that some of the most criminal governments in the world, including Iran, Libya, and Syria, enjoy most-favored-nation [MFN] status with the United States. Our legislation would repeal MFN status for nations that support terrorism and subject them to higher tariffs and trade restrictions. This is the very least our Nation can do to punish these criminal governments. Special trade preferences should be reserved to our friends and allies, not nations that are attempting to murder our citizens.

H.R. 3661, the Anti-Terrorism Trade Preference Act of 1985, would do three things: First, require the Secretary of State to maintain a list of countries that support terrorism and notify Congress whenever a country is removed from or added to the list. The Secretary already maintains such a list for other purposes. Second, deny trade preferences to any country on this list. Third, grant the President authority to waive this proscription if he finds that it is not in the national interest.

Senator LLOYD BENTSEN of Texas has introduced identical legislation in the other body. This is important legislation that should become public law. We believe that this bill could be a first step in the formulation of a broad strategy to combat terrorism against Americans.

AIDS: NATIONAL CONCERN, VA CONCERN

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, I believe we all recognize that AIDS is a deadly disease that must be placed among the Nation's highest health care priorities.

The Veterans' Administration has provided medical care for at least 700 victims at great cost. According to the VA, it costs approximately $38,000 a year to treat a single AIDS patient. Based on the average life expectancy of an AIDS patient, which is about 2½ years, the cost of treatment per patient has been around $100,000. Based on VA estimates, the agency will soon be spending approximately $40 million per year for AIDS treatment. With its fixed budget for health care, the VA may have to cut back in some areas of health care or deny treatment to sick and dying veterans.

Once the Defense Department begins screening all military personnel for the disease and discharging those who have it, the VA expects its AIDS caseload to rise significantly.

The VA is bracing for this patient increase, however. Major AIDS units are being planned for VA hospitals in New York City, San Francisco, and Miami.

We must never force the VA to choose between caring for AIDS patients or caring for veterans with other diseases or disabilities. The agency has a responsibility to provide health care to all eligible veterans and should not have to juggle its funds and resources to meet that commitment. We should not ask the VA to reduce other vital medical care accounts in order to fulfill this responsibility.

Mr. Speaker, if the VA is to continue providing quality, care to all eligible veterans, the agency's health care budget simply cannot take additional cuts.

TRADE TEXTILES ACT

(Mr. MONSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONSON. Mr. Speaker, it is my great privilege today to extend my most sincere congratulations and heartfelt excitment about some news I heard just a few hours ago. Sohio, the parent company of Kennecott Copper Co. in Utah—once the largest employer in the State of Utah, and the largest open pit mine in the country—has announced plans to reopen Kennecott Copper which was closed last spring. The operation was closed, in part, because of unfair trade practices that prohibited Kennecott from competing with foreign copper producers.

The news that Kennecott will reopen couldn't come at a better time. It will provide great relief and a real holiday boost for many displaced workers whose livelihood has always depended on mining.

The U.S. Congress will have an opportunity today to join an American business that has demonstrated faith in the U.S. copper industry. Today we will vote on the Textile Trade Act which includes language to help revitalize the copper industry. I strongly support this legislation and urge my colleagues to support it. We need our copper industry alive and well. American copper producers need our continued support. At a time of hope for the industry, we cannot afford to turn our backs and leave the producers on their own. They need our support. We must

give it to them by voting for the textiles bill before us today.

QUESTIONS WITH RESPECT TO ESPIONAGE AND TREASON

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RUDD. Mr. Speaker, the Government of Israel publicly apologized Sunday for espionage activity they may have carried out in the United States by one of their intelligence units.

They have promised, that if confirmed, such activity would not be repeated in the future and the unit responsible would be disbanded.

They have publicly said spying on the United States stands in total contradiction to their Government policy, was wrong, and they are sorry for it.

These assurances, prompted by a very disturbing development, are good. But, other questions remain unanswered.

Why? Why did a good ally and friend spy on us? Why did nobody know about it at the Israeli Cabinet level?

I have previously said the Israeli intelligence service is probably the best in the world—But I don't want them operating in this country.

Also, Mr. Speaker, we may ask why our own Government has not initiated more stringent screening of U.S. personnel and undertaken additional counterintelligence efforts to prevent the espionage epidemic from spreading.

Why has the Congress refused to allow stiffer penalties for people convicted of crimes of espionage and treason. Why can't we adequately fund and support our own intelligence agencies and let them do their jobs without delay and harassment from the Congress?

"BUD" McFARLANE'S RESIGNING AND HEADING FOR JAPAN IS NOT SUCH A BAD THING

(Mr. HENDON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HENDON. Mr. Speaker, according to press reports, national security advisor "Bud" McFarlane is threatening to resign and accept appointment as Ambassador to Japan. Mr. Speaker, many people believe our POW's held in captivity in Southeast Asia will be cheering this latest news from Washington. Just last month, Mr. McFarlane, who was Henry Kissinger's deputy when Kissinger negotiated the Paris peace accords, admitted that U.S. POW's remain captive. There are the headlines: Wall Street Journal, "McFarlane Believes Some U.S. POW's Are in Indochina."

USA Today, "McFarlane Says POW's 'Have To Be' in Indochina."

Incredibly, Mr. Speaker, this same man who says our POW's are there has blocked formation of a Presidentially appointed commission to investigate this tragedy, and opposes the effort of over 100 Members of this body to appoint a congressional commission. Incredibly, he says our POW's are there, he opposes our efforts to help resolve this issue, and now he is resigning and heading for Japan? Maybe that is not such bad news, Mr. Speaker; maybe now they will let Reagan be Reagan and our POW's will come home.

BUTTER SURPLUS AND THE MARGARINE LOBBY

(Mr. WILSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WILSON. Mr. Speaker, once more I want to speak to the House on the issue of the Agriculture Committee cutting the allocation of butter for poor people by one-half last month. This was done because of an obscure clause in the agriculture bill that indicates that if there is an economic dislocation the Agriculture Department may take such means as it sees fit to correct this.

Now the very powerful margarine lobby, ladies and gentleman, has objected to the Department of Agriculture distributing butter that has been bought with hundreds of millions of dollars of American taxpayers' money, and the American taxpayers have reason to believe that that butter is going to people that need it. They have cut butter for the following groups: For those on AFDC, for pregnant mothers in the Nutrition Program, people on Medicaid, and people on SSI, simply because the margarine lobby told them to.

There are others that are vulnerable: Public health hospitals are vulnerable, school lunch programs are vulnerable. But those programs have constituencies. SSI. AFDC, Pregnant Mothers' Program, and Medicaid have no constituency.

I would like to ask some of my colleagues that are interested in hunger and are interested in a better distribution to stop saving the world for just an hour or two and help these folks to get some butter.

TRIBUTE TO SCARLETT ROGENKAMP

(Mr. PACKARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PACKARD. Mr. Speaker, while we gathered last week with our families to share and celebrate the Thanksgiving holiday, one of the families in my congressional district suffered the tragic loss of their daughter. Savage terrorists in Malta shot Scarlett Rogenkamp simply because she was an American. Scarlett was a native of Oceanside, a small beach town in the heart of my district. She chose a career as a civilian engineer with the Air Force. True to form, the Arab terrorists who hijacked the Egyptair jet singled out Americans like Ms. Rogenkamp, who became yet another senseless victim of terrorism.

The Air Force has posthumously honored Scarlett Rogenkamp by issuing a Purple Heart to her family. This is a rare distinction for a civilian.

Mr. Speaker, I ask my colleagues to join me in paying tribute to Scarlett Rogenkamp and to her family.

LATEST LEADING ECONOMIC INDICATORS REPORTS

(Mr. LEVIN of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVIN of Michigan. Mr. Speaker, the Government just released its latest Leading Economic Indicators Report. There is a rise of only 0.3 percent in October—very meagerly. It was the smallest advance in 4 months. There were four major reasons for this low increase—two of them relate to manufacturing. First, a drop in net business formation; second, a decline in orders for capital equipment. This same pressure on manufacturing in this country is reflected in the poor GNP increases the first half of this year. U.S. manufacturers are continually hurt by foreign competition, often unfair competition. In a word, Mr. Speaker, the report of today shows the need for a continued vigilance on our part. If we are not careful, more and more American manufacturing is going to go down the drain because people in this country, at least some, are sleeping, and our competitors are taking advantage of it.

TRIBUTE TO WALT DISNEY

(Mr. DORNAN of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORNAN of California. Mr. Speaker, I want to thank 227 of my colleagues for joining me in cosponsoring a joint resolution, that the President will sign this week, to set aside a commemorative day for a truly unique and great American, Walt Eligs Disney.

I now have the joy and privilege of representing Disneyland, now cele-

brating its 30th anniversary, and I especially enjoy taking the older two of my four grandchildren back to relive those wonderful moments that I experienced with my own family, my five children, at Disney World and Disneyland. This American, Walt Disney, from very humble beginnings in the Midwest, probably created more joy for his fellow citizens, particularly our children and grandchildren, than any man who has ever lived in this country, indeed the world.

His cartoon characters, Mickey Mouse and Donald Duck, his book, films, records, and wildlife series, educational materials, and internationally known theme parks, have made the name of Walt Disney immortal and synonymous with joy, good will, and integrity.

I want to particularly thank Arthur "Buddy" Adler, a wonderful actor, a former Disneyland employee, and chairman of Friends of Walt Disney, for bringing the suggestion to me for a long-overdue tribute to a man who passed away in 1966 to what I am sure is a great eternal reward. Walt Disney's good works have been recognized worldwide and I believe that it is only proper that we formally recognize Walt Disney's accomplishments.

Thank you for this commemorative to Walt Disney.

INTERSTATE HANDICAPPED PARKING

(Mr. GEJDENSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEJDENSON. Mr. Speaker, for too long, the disabled of our society have been treated as second-class citizens. Either intentionally or unintentionally, physical and psychological barriers have been erected against the handicapped.

But these barriers must fall either due to their own weight of injustice, or because we become more enlightened and finally take positive steps to correct these wrongs.

Because of one of my constituents, Ruby DeGiovanni, I became aware of the fact that States in this Nation do not recognize one another's handicapped parking stickers. Citizens from one State are arrested or ticketed for parking in areas designated for handicapped parking.

Several years ago, we tried to take action on this matter by getting the States to simply, in a cooperative fashion, join together without legislation, to take action. It did not work. It fell through the cracks. Because of Ruby's efforts, this issue was brought to our office. Working with her and other concerned citizens, I have now drafted legislation, which I am introducing today, to use the force of the Federal Government to see that the States come together and provide the same kind of recognition of individual rights in this area, as they do in many others.

For example, a Connecticut resident with a disabled parking sticker, cannot park in a handicapped spot in Massachusetts without impunity. It is ludicrous for us to remove one barrier by offering handicapped parking spots, only to erect another by refusing an out-of-State resident the right to park there. If a person is disabled in Connecticut, does not logic dictate that that same person will be disabled in Massachusetts?

The bill I am introducing today will force any State that does not already have handicapped parking spaces to establish this right for the disabled.

In addition, all States will be forced to reciprocate and recognize the handicapped parking stickers from each and every State. Any State that does not comply with this law will have 5 percent of their highway funds withheld for 1 year. If the Secretary of Transportation decides at the end of the year that the State is in compliance with the law, the funds will be restored.

We must make every conceivable effort to have the disabled as an integrated part of society. Opening new avenues of access for the handicapped can only be seen as a benefit to all of society.

ANNIVERSARY OF BHOPAL TRAGEDY

(Mr. WISE asked and was given permission to address the House for 1 minute.)

Mr. WISE. Mr. Speaker, 1 year ago this week marks the tragedy of Bhopal and has forced reexamination by all of us—environmentalists, industry, political leaders, community residents—of how chemicals are produced.

Perhaps more than any other region, the chemical-producing area of the Kanawha Valley that I represent has had to deal with the enormous issues raised by the Bhopal tragedy. We accepted the fact that the Nation's eyes were upon us; we determined to be a role model for the country.

What has happened since then, 1 year later? The emergency response plan in our area has been reevaluated and greatly improved, some of it through actual practice. No one now speaks of opposition to communities having the right to know what is being produced in their areas, and within the next 2 weeks the House of Representatives should pass right-to-know legislation which has elements based on experiences of the Kanawha Valley.

Business, education, and political leaders have created the National Institute for Chemical Studies, which is already surveying residents' concerns and helping industry and the community build stronger relationships.

Finally, Mr. Speaker, Bhopal made us all aware—aware of the benefits of the chemical industry, aware of the unspeakable tragedy that can occur.

As we remember this sad anniversary, let us also recognize that the process of improving the environment for chemical production has begun. Mr. Speaker, 1 year later, we in the Kanawha Valley vow the continued leading in this important effort.

OVERSEAS PRIVATE INVESTMENT CORPORATION AMENDMENTS ACT OF 1985

Mr. BONKER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 947) to amend the Foreign Assistance Act of 1961 with respect to the activities of the Overseas Private Investment Corporation, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore (Mr. LUKEN). Is there objection to the request of the gentleman from Washington?

Mr. LAGOMARSINO. Mr. Speaker, reserving the right to object—and I shall not object—I would like to ask the gentleman from Washington [Mr. BONKER] to explain to the Members what he is asking the House to do.

Mr. BONKER. I would be happy to respond to the gentleman, Mr. Speaker, if the gentleman will yield.

The motion is for the purpose of appointing conferees to convene a conference with the Senate to work out differences that exist on the OPIC reauthorization bill.

Mr. LAGOMARSINO. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER pro tempore. It there objection to the request of the gentleman from Washington?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 947

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Overseas Private Investment Corporation Amendments Act of 1985".

POLICY

SEC. 2. Section 231 of the Foreign Assistance Act of 1961 is amended in the second undesignated paragraph—

(1) by striking out "$680 or less in 1979 United States dollars" and inserting in lieu thereof "$896 or less in 1983 United States dollars"; and

(2) by striking out "$2,950 or more in 1979 United States dollars" and inserting in lieu thereof "$3,887 or more in 1983 United States dollars".

ADDITIONAL REQUIREMENTS; WAIVER AUTHORITY

SEC. 3. (a) The Foreign Assistance Act of 1961 is amended by inserting after section 231 the following new section:

"SEC. 231A. (a) The Corporation may insure, reinsure, guarantee, or finance a project only if the country in which the project is to be undertaken is taking steps to adopt and implement laws that extend internationally recognized worker rights, as defined in section 502(a)(4) of the Trade Act of 1974 (19 U.S.C. 2462(a)(4)), to workers in that country (including any designated zone in that country). The Corporation shall, in making its determinations under the preceding sentence, use the reports submitted to the Congress pursuant to section 505(c) of the Trade Act of 1974 (19 U.S.C. 2465(c)). The restriction set forth in the first sentence of this subsection shall not apply until the first such report is submitted to the Congress.

"(b) The Board shall hold at least one public hearing each year in order to afford an opportunity for any person to present views as to whether the Corporation is carrying out its activities in accordance with section 213 and this section or whether any investment in a particular country should have been or should be extended insurance, reinsurance, guarantees, or financing under this title.

"(c) This section shall not prohibit the Corporation from providing any insurance, reinsurance, guaranty, or financing with respect to a country if—the President determines, and so reports in writing to the Congress, together with his reasons therefor, that such activities by the Corporation would be in the national economic interests of the United States.".

(b) Subsection (a) of section 231A, as added by subsection (a) of this section, shall not apply to projects insured, reinsured, guaranteed, or financed before the date of the enactment of this Act.

INVESTMENT GUARANTIES

SEC. 4. Section 234(b) of the Foreign Assistance Act of 1961 is amended by striking out in the third proviso "10 per centum" and inserting in lieu thereof "15 per centum".

FACULTATIVE REINSURANCE PROGRAM

SEC. 5. The Foreign Assistance Act of 1961 is amended by inserting after section 234 the following new section:

"SEC. 234A. FACULTATIVE REINSURANCE PROGRAM.—(a)(1) In order to encourage greater availability of political risk insurance for eligible investors, the Corporation shall establish, not later than one year after the date of the enactment of the Overseas Private Investment Corporation Amendments Act of 1985, a pilot program of facultative reinsurance. Such program shall provide reinsurance to insurance companies, financial institutions, other persons, or groups thereof, with respect to insurance issued by such companies, institutions, persons, or groups for new investments, and expansions of existing investments, by eligible investors, in excess of limits which the Corporation would otherwise normally apply with respect to such investments.

"(2) The exposure of the Corporation under the facultative reinsurance program established under paragraph (1) at any time may not exceed $150,000,000 or, with respect to any one country, $50,000,000.

"(3) Contracts of reinsurance issued under the program established under paragraph (1) shall be on equitable terms. Such program and any project covered by reinsurance under such program shall be consistent with the provisions of this title. The Corporation shall take steps to encourage equitable participation in such program by all eligible persons.

"(b) An insurance company, financial institution, or other person shall be eligible to participate in the reinsurance program established under subsection (a) if that company, institution, or other person is an eligible investor under this title.

"(c)(1) The Corporation shall establish a group to advise the Corporation (hereafter in this subsection referred to as the "advisory group") on the development and implementation of the program of facultative reinsurance under this section. The advisory group shall be composed of 9 members as follows:)

"(A) Three officers or employees of the Corporation designated by the Board.

"(B) Four persons appointed by the Board, of whom at least one shall represent an insurance company, one a reinsurance brokerage firm, and one an underwriter, a financial institution, or other person or entity eligible for the facultative reinsurance program under this section. In selecting such persons, the Board shall consider their previous active involvement in the field of political risk insurance or reinsurance and shall consult with any major organizations representing insurance, reinsurance, and brokerage institutions as to the suitability of the respective candidates to represent their industry.

"(C) Two persons appointed by the Board from among persons who are eligible investors, other than persons described in subparagraph (B).

"(2) The advisory group shall advise the Corporation on the development and implementation of the facultative reinsurance program under this section, including ways to ensure equitable participation in the program by all eligible persons.

"(3) The advisory group shall meet not later than 180 days after the date of the enactment of the Overseas Private Investment Corporation Amendments Act of 1985, and not less than once every 180 days thereafter.

"(4) The advisory group shall not be subject to the Federal Advisory Committee Act (5 U.S.C. App.).

"(d) The Corporation shall, not later than 18 months after the date of the enactment of the Overseas Private Investment Corporation Amendments Act of 1985, submit to the Committee on Foreign Relations of the Senate a report on the implementation of the facultative reinsurance program established under subsection (a).".

ISSUING AUTHORITY

SEC. 6. Section 235(a)(5) of the Foreign Assistance Act of 1961 is amended by striking out "1985" and inserting in lieu thereof "July 1, 1987".

AUDITS

SEC. 7. Section 239(c) (22 U.S.C. 2199(c)) is amended to read as follows:

"(c)(1) The Corporation shall be subject to the applicable provisions of chapter 91 of title 31, United States Code, except as otherwise provided in this title.

"(2) An independent certified public accountant shall perform a financial and compliance audit of the financial statements of the Corporation at least once every 3 years, in accordance with generally accepted Government auditing standards for a financial and compliance audit, as issued by the Comptroller General. The independent certified public accountant shall report the results of such audit to the Board. The financial statements of the Corporation shall be presented in accordance with generally accepted accounting principles. These financial statements and the report of the accountant shall be included in a report which contains, to the extent applicable, the information identified in section 9106 of title 31, United States Code, and which the Corporation shall submit to the Congress not later than 6½ months after the end of the last fiscal year covered by the audit. The General Accounting Office may review the audit conducted by the accountant and the report to the Congress in the manner and at such times as the General Accounting Office considers necessary.

"(3) In lieu of the financial and compliance audit required by paragraph (2), the General Accounting Office shall, if the Office considers it necessary or upon the request of the Congress, audit the financial statements of the Corporation in the manner provided in paragraph (2). The Corporation shall reimburse the General Accounting Office for the full cost of any audit conducted under this paragraph.

(4) All books, accounts, financial records, reports, files, workpapers, and property belonging to or in use by the Corporation and the accountant who conducts the audit under paragraph (2), which are necessary for purposes of this subsection, shall be made available to the representatives of the General Accounting Office.".

EXEMPTION FROM TAXATION

SEC. 8. Section 239 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(j) The Corporation, including its franchise, capital, reserves, surplus, advances, intangible property, and its income, shall be exempt from all taxation at any time imposed by the Untied States, by any territory, dependency, or possession thereof, or by any State, the District of Columbia, or any country, municipality, or local taxing authority.".

MISUSE OF CORPORATION NAME

SEC. 9. Section 709 of title 18, United States Code, is amended by inserting after the eleventh undesignated paragraph the following new paragraph:

"Whoever uses as a firm or business name the words 'Overseas Private Investment', 'Overseas Private Investment Corporation', or 'OPIC'; or".

REPEALS

SEC. 10. (a) Section 240B of the Foreign Assistance Act of 1961 (22 U.S.C. 2399) is repealed.

(b) Section 9(b) of the Overseas Private Investment Corporation Amendments Act of 1981 (22 U.S.C. 2200a note) is repealed.

STUDY BY THE COMPTROLLER GENERAL

SEC. 11. The Comptroller General shall conduct a study of the impact on employment in the United States or the activities of the Overseas Private Investment Corporation and shall prepare and transmit to the Congress a report setting forth the findings of such study within one year from the effective date of this Act.

MOTION OFFERED BY MR. BONKER

Mr. BONKER. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BONKER moves to strike out all after the enacting clause of the Senate bill, S. 947, and to insert in lieu thereof the text of the bill, H.R. 3166, as passed by the House, as follows:

H.R. 3166

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Overseas Private Investment Corporation Amendments Act of 1985".

SEC. 2. REFERENCE TO THE ACT.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to a section or other provision of the Foreign Assistance Act of 1961.

SEC. 3. CREATION, PURPOSE, AND POLICY.

(a) INCOME LEVELS IN LESS DEVELOPED COUNTRIES.—Section 231 (22 U.S.C. 2191) is amended in paragraph (2) of the second undesignated paragraph—

(1) by striking out "$680 or less in 1979 United States dollars" and inserting in lieu thereof "$896 or less in 1983 United States dollars"; and

(2) by striking out "$2,950 or more in 1979 United States dollars" and inserting in lieu thereof "$3,887 or more in 1983 United States dollars".

(b) PROTECTION OF HEALTH, SAFETY, AND THE ENVIRONMENT.—Section 231 is amended—

(1) in the second undesignated paragraph—

(A) in paragraph (1) by striking out "and" after the semicolon;

(B) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and"; and

(C) by inserting after paragraph (2) the following:

"(3) ensure that the project is consistent with the provisions of sections 118 and 119 of this Act relating to the environment and natural resources of, and biological diversity in, developing countries, and consistent with the intent of regulations issued pursuant to sections 118 and 119 of this Act.";

(2) in subsection (l) by striking out "and" after the semicolon;

(3) in subsection (m) by striking out the period at the end and inserting in lieu thereof "; and"; and

(4) by adding at the end the following:

"(n) to refuse to insure, reinsure, guarantee, or finance any investment in connection with a project which the Corporation determines will pose an unreasonable or major environmental, health, or safety hazard, or will result in the significant degradation of national parks or similar protected areas.".

SEC. 4. ADDITIONAL REQUIREMENTS.

(a) IN GENERAL.—Title IV of chapter 2 of part I is amended by inserting after section 231 the following new section:

"SEC. 231A. ADDITIONAL REQUIREMENTS.

"(a) WORKER RIGHTS.—The Corporation may insure, reinsure, guarantee, or finance a project only if the country in which the project is to be undertaken is taking steps to adopt and implement laws that extend internationally recognized worker rights, as defined in section 502(a)(4) of the Trade Act of 1974 (19 U.S.C. 2462(a)(4)), to workers in that country (including any designated zone in that country). The Corporation shall, in making its determinations under the preceding sentence, use the reports submitted to the Congress pursuant to section 505(c) of the Trade Act of 1974 (19 U.S.C. 2465(c)). The restriction set forth in the first sentence of this subsection shall not apply until the first such report is submitted to the Congress.

"(b) PUBLIC HEARINGS.—The Board shall hold at least one public hearing each year in order to afford an opportunity for any person to present views as to whether the Corporation is carrying out its activities in accordance with section 231 and this section or whether any investment in a particular country should have been or should be extended insurance, reinsurance, guarantees, or financing under this title.".

(b) APPLICABILITY OF AMENDMENT.—Subsection (a) of section 231A, as added by subsection (a) of this section, shall not apply to projects insured, reinsured, guaranteed, or financed before the date of the enactment of this Act.

SEC. 5. INVESTMENT INSURANCE AND GUARANTIES.

(a) LOSS DUE TO BUSINESS INTERRUPTION.—Section 234(a) (22 U.S.C. 2194(a)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B) by striking out "and" after the semicolon;

(B) in subparagraph (C) by striking out the period and inserting in lieu thereof "; and"; and

(C) by adding at the end the following:

"(D) loss due to business interruption caused by any of the risks set forth in subparagraphs (A), (B), and (C).".; and

(2) in paragraph (4)—

(A) by striking out "civil strife insurance for the first time" and inserting in lieu thereof "insurance for the first time for loss due to business interruption";

(B) by striking out "definition of civil strife" and inserting in lieu thereof "definition of 'civil strife' or 'business interruption' "; and

(C) by inserting immediately before the period at the end of the paragraph the following: "and, in the case of insurance for loss due to business interruption, an explanation of the underwriting basis upon which the insurance is to be offered".

(b) MAXIMUM CONTINGENT LIABILITY FOR INVESTMENT GUARANTEES.—Section 234(b) is amended in the last proviso by striking out "10" and inserting in lieu thereof "15".

(c) POOLING AND RISK-SHARING AGREEMENTS.—Section 234(f)(2) is amended by striking out "other national" and all that follows through the end of the sentence and inserting in lieu thereof "multilateral insurance or financing agencies or groups of such agencies, notwithstanding the provisions of section 231 of this Act.".

SEC. 6. FACULTATIVE REINSURANCE PROGRAM.

Title IV of chapter 2 of part I is amended by inserting after section 234 the following new section:

"SEC. 234A. FACULTATIVE REINSURANCE PROGRAM.

"(a) ESTABLISHMENT.—In order to encourage greater availability of political risk insurance for eligible investors, the Corporation shall establish, not later than 1 year after the date of the enactment of the Overseas Private Investment Corporation Amendments Act of 1985, a pilot program of facultative reinsurance. The program shall provide reinsurance to insurance companies, financial institutions, other persons, or groups thereof, with respect to insurance issued by such companies, institutions, persons, or groups for new investments, and expansions of existing investments, by eligible investors, in excess of limits which the Corporation would otherwise normally apply for its exposure to such investments. The exposure of the Corporation under the facultative reinsurance program at any one time may not exceed $150,000,000 or, with respect to any one country, $50,000,000. Contracts of reinsurance issued under the program shall be on equitable terms. The program, and any project covered by reinsurance under the program, shall be consistent with the provisions of this title. The Corporation shall take steps to encourage equitable participation in the program by all eligible persons.

"(b) PERSONS ELIGIBLE FOR THE PROGRAM.—An insurance company, financial institution, or other person shall be eligible to participate in the facultative reinsurance program established under subsection (a) if that company, institution, or other person is an eligible investor under this title.

"(c) ADVISORY GROUP.—

"(1) ESTABLISHMENT.—The Corporation shall establish a group to advise the Corporation on the development and implementation of the program of facultative reinsurance under this section. The group shall be composed of 9 members as follows:

"(A) Three officers or employees of the Corporation designated by the Board.

"(B) Four persons appointed by the Board, who represent insurance and reinsurance companies, financial institutions, and other persons eligible for the facultative reinsurance program under this section, including insurance brokerage firms.

"(C) Two persons appointed by the Board from among persons who are eligible investors, other than persons described in subparagraph (B).

"(2) FUNCTIONS.—The advisory group shall advise the Corporation on the development and implementation of the facultative reinsurance program under this section, including ways to ensure equitable participation in the program by all eligible persons.

"(3) MEETINGS.—The advisory group shall meet not later than 180 days after the date of the enactment of the Overseas Private Investment Corporation Amendments Act of 1985, and not less than once in every 180-day period thereafter.

"(4) APPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.—The advisory group shall not be subject to the Federal Advisory Committee Act (5 U.S.C. App.).

"(e) REPORT TO THE CONGRESS.—The Corporation shall, not later than 18 months after the date of the enactment of the Overseas Private Investment Corporation Amendments Act of 1985, submit to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate a report on the implementation of the facultative reinsurance program established under subsection (a).".

SEC. 7. EXTENSION OF ISSUING AUTHORITY.

Section 235(a)(5) (22 U.S.C. 2195(a)(5)) is amended by striking out "1985" and inserting in lieu thereof "1989".

SEC. 8. GENERAL PROVISIONS RELATING TO INSURANCE AND GUARANTY PROGRAM.

(a) COMPENSATION FOR LOSS DUE TO BUSINESS INTERRUPTION.—Section 237(f) (22 U.S.C. 2197) is amended in the first sentence—

(1) by striking out "and (2)" and inserting in lieu thereof "(2)"; and

(2) by inserting immediately before the period at the end of the sentence the following: ", and (3) compensation for loss due to business interruption may be computed on a

basis to be determined by the Corporation which reflects amounts lost".

(b) NOTIFICATION OF COUNTRIES OF ENVIRONMENTAL RESTRICTIONS ON CERTAIN ACTIVITIES.—Section 237 is amended by adding at the end the following:

"(m)(1) Before finally providing insurance, reinsurance, guarantees, or financing under this title for any environmentally sensitive investment in connection with a project in a country, the Corporation shall notify appropriate government officials of that country of—

"(A) all guidelines and other standards adopted by the International Bank for Reconstruction and Development and any other international organization relating to the public health or safety or the environment which are applicable to the project; and

"(B) to the maximum extent practicable, any restriction under any law of the United States relating to public health or safety or the environment that would apply to the project if the project were undertaken in the United States.

The notification under the preceding sentence shall include a summary of the guidelines, standards, and restrictions referred to in subparagraphs (A) and (B), and may include any environmental impact statement, assessment, review, or study prepared with respect to the investment pursuant to section 239(g).

"(2) Before finally providing insurance, reinsurance, guarantees, or financing for any investment subject to paragraph (1), the Corporation shall take into account any comments it receives on the project involved.

"(3) On or before September 30, 1986, the Corporation shall notify appropriate government officials of a country of the guidelines, standards, and legal restrictions described in paragraph (1) that apply to any project in that country—

"(A) which the Corporation identifies as potentially posing major hazards to public health and safety or the environment; and

"(B) for which the Corporation provided insurance, reinsurance, guarantees, or financing under this title before the date of enactment of this subsection and which is in the Corporation's portfolio on that date.".

SEC. 9. GENERAL PROVISIONS AND POWERS.

(a) AUDITS OF THE CORPORATION.—Section 239(c) (22 U.S.C. 2199(c)) is amended to read as follows:

"(c)(1) The Corporation shall be subject to the applicable provisions of chapter 91 of title 31, United States Code, except as otherwise provided in this title.

"(2) An independent certified public accountant shall perform a financial and compliance audit of the financial statements of the Corporation at least once every 3 years, in accordance with generally accepted Government auditing standards for a financial and compliance audit, as issued by the Comptroller General. The independent certified public accountant shall report the results of such audit to the Board. The financial statements of the Corporation shall be presented in accordance with generally accepted accounting principles. These financial statements and the report of the accountant shall be included in a report which contains, to the extent applicable, the information identified in section 9106 of title 31, United States Code, and which the Corporation shall submit to the Congress not later than 6½ months after the end of the last fiscal year covered by the audit. The General Accounting Office may review the audit conducted by the accountant and the report to the Congress in the manner and at such times as the General Accounting Office considers necessary.

"(3) In lieu of the financial and compliance audit required by paragraph (2), the General Accounting Office shall, if the Office considers it necessary or upon the request of the Congress, audit the financial statements of the Corporation in the manner provided in paragraph (2). The Corporation shall reimburse the General Accounting Office for the full cost of any audit conducted under this paragraph.

"(4) All books, accounts, financial records, reports, files, workpapers, and property belonging to or in use by the Corporation and the accountant who conducts the audit under paragraph (2), which are necessary for purposes of this subsection, shall be made available to the representatives of the General Accounting Office.".

(b) ENVIRONMENTAL IMPACT ASSESSMENTS.—Section 239(g) is amended to read as follows:

"(g) The requirements of section 118(c) of this Act relating to environmental impact statements and environmental assessments shall apply to any investment which the Corporation insures, reinsures, guarantees, or finances under this title in connection with a project in a country.".

(c) CORPORATION EXEMPT FROM TAXATION.—Section 239 is amended by adding at the end the following:

"(j) The Corporation, including its franchise, capital, reserves, surplus, advances, intangible property, and income, shall be exempt from all taxation at any time imposed by the United States, by any territory, dependency, or possession of the United States, or by any State, the District of Columbia, or any county, municipality, or local taxing authority.".

(d) REGULATIONS.—Section 239, as amended by subsection (c) of this section, is further amended by adding at the end the following:

"(k) The Corporation shall publish, and make available to applicants for insurance, reinsurance, guarantees, financing, or other assistance made available by the Corporation under this title, the policy guidelines of the Corporation relating to its programs.".

SEC. 10. EFFECTS OF OPIC ACTIVITIES ON EMPLOYMENT IN THE UNITED STATES.

Section 240A (22 U.S.C. 2200a) is amended—

(1) by inserting "(a)" immediately before "After" in the first sentence; and

(2) by adding at the end of the section the following new subsection:

"(b) Each report required by this section shall also describe the effects on employment in the United States of each project for which the Corporation has provided financial support, including—

"(1) the actual amount of United States exports purchased in carrying out the project,

"(2) the actual final destination of the products produced as a result of the project, and

"(3) the impact of such production on United States domestic production of similar products with regard to both domestic sales and exports.

Each report shall provide such a description with respect to any project for which the Corporation provided any insurance, reinsurance, guarantees, or other financing during the fiscal year for which the report is submitted or during any prior fiscal year, except that this subsection only applies with respect to projects for which financial support was provided after the date of enactment of this subsection.".

SEC. 11. RETURN OF APPROPRIATED FUNDS.

Section 240B (22 U.S.C. 2200b) is hereby repealed.

SEC. 12. FALSE ADVERTISING OR MISUSE OF THE NAME OF THE CORPORATION.

Section 709 of title 18, United States Code, is amended by inserting after the tenth paragraph the following:

"Whoever uses the words 'Overseas Private Investment', 'Overseas Private Investment Corporation', or 'OPIC', as part of the business or firm name of a person, corporation, partnership, business trust, association, or business entity; or".

SEC. 13. TECHNICAL AMENDMENTS.

(a) TECHNICAL AMENDMENTS RELATING TO FACULTATIVE REINSURANCE PROGRAM.—

(1) Section 235(d) (22 U.S.C. 2195(d)) is amended in the first sentence by striking out "or under similar predecessor guaranty authority" and inserting in lieu thereof ", under similar predecessor guaranty authority, or under section 234A".

(2) Section 237(f) (22 U.S.C. 2197(f)) is amended in the last sentence by inserting "or 234A" after "234".

(3) Section 240 (22 U.S.C. 2200) is amended in the last sentence by inserting "and section 234A" after "234".

(b) DEFINITION OF ELIGIBLE PERSON.—Clause (2) of section 238(c) (22 U.S.C. 2198(c)(2)) is amended by striking out "or any State or territory thereof" and inserting in lieu thereof ", any State or territory thereof, or the District of Columbia,".

(c) ADDITIONAL TECHNICAL AMENDMENTS.—

(1) Section 235(c) (22 U.S.C. 2195(c)) is amended—

(A) by striking out "section 235(d)" and inserting in lieu thereof "subsection (d) of this section";

(B) by striking out "section 234(e)" and inserting in lieu thereof "subsection (e) of this section"; and

(C) by striking out "section 235(f)" and inserting in lieu thereof "subsection (f) of this section".

(2) Section 235(d) is amended by striking out "section 235(f)" each place it appears and inserting in lieu thereof "subsection (f) of this section".

(d) REMOVAL OF REPORT REQUIREMENT.—Section 9 of the Overseas Private Investment Corporation Amendments Act of 1981 (Public Law 97-65) is amended—

(1) by striking out "(a)" after "SEC. 9"; and

(2) by striking out subsection (b).

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid upon the table.

APPOINTMENT OF CONFEREES ON S. 947

Mr. BONKER. Mr. Speaker, I ask unanimous consent that the House insist on the House amendment to the Senate bill, S. 947, and request a conference with the Senate thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington? The Chair hears none and, without objection, appoints the following conferees: Messrs. FASCELL, HAMILTON, BONKER, MICA, GEJDENSON, BERMAN, BROOMFIELD, LAGOMARSINO, ROTH, and BEREUTER.

There was no objection.

TEXTILE AND APPAREL TRADE ENFORCEMENT ACT OF 1985

Mr. DERRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 325 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 325

Resolved, That upon the adoption of this resolution it shall be in order to consider a motion in the House, if offered by the chairman of the Committee on Ways and Means or his designee, to take from the Speaker's table the bill (H.R. 1562) to achieve the objectives of the Multi-Fiber Arrangement and to promote the economic recovery of the United States textile and apparel industry and its workers, with the Senate amendment thereto, and to concur in the Senate amendment, all points of order against said motion for failure to comply with the provisions of section 311(a) of the Congressional Budget Act of 1974 (Public Law 93-344) are hereby waived, debate on said motion shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, or their designees, and the previous question shall be considered as ordered on the motion to final adoption without intervening motion.

The SPEAKER pro tempore. The gentleman from South Carolina [Mr. DERRICK] is recognized for 1 hour.

Mr. DERRICK. Mr. Speaker, I yield the customary 30 minutes, for purposes of debate only, to the gentleman from Tennessee [Mr. QUILLEN], and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 325 provides for consideration in the House of a motion to take from the Speaker's table the bill, H.R. 1562, the Textile and Apparel Trade Enforcement Act of 1985, with the Senate amendment, and concur in the Senate amendment.

This rule provides that this motion shall be in order if offered by the chairman of the Committee on Ways and Means, Mr. ROSTENKOWSKI, or his designee. This resolution also provides that this motion shall be debatable for 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, or their designees.

Section 311(a) of the Congressional Budget Act is waived against this motion. This section of the Budget Act provides that after Congress has completed action on the concurrent resolution on the budget, it shall not be in order to consider legislation which will cause either the outlay ceiling or revenue floor set forth in the budget resolution to be breached.

With adoption of the first concurrent resolution on the budget for fiscal year 1986 on August 1, a revenue floor for the current fiscal year was established. As was the case when this bill was last considered in the House, no new revenue raising legislation for fiscal year 1986 has been enacted. Therefore, because enactment of H.R. 1562 is expected to result in a loss of very modest amounts of revenue, due to decreased customs collections, a waiver of section 311(a) of the Budget Act is necessary if our colleagues are to have an opportunity to vote on this measure.

As I noted during debate on H.R. 1562 when it was first considered in the House, the Congressional Budget Office analysis of this bill looks at only the primary budgetary impacts that are expected to result from enactment of the bill. While it is true that there will be reduced Customs duties as a result of a decreased level of imports, it is also true that we can expect very significant positive budgetary impacts from enactment of H.R. 1562. These secondary budget impacts, which are not a part of CBO's analysis, and which stem from the jobs that will be created by this legislation, include increased Federal income tax receipts and Social Security taxes, and decreased Federal outlays for assistance programs such as unemployment benefits, AFDC, food stamps, Medicaid, trade adjustment assistance, and others.

Mr. Speaker, the Textile and Apparel Trade Enforcement Act of 1985 was last before the House of Representatives in October. It was passed by a vote of 262 to 159 on October 10, 1985. The other Chamber considered and adopted an amended version of this bill on November 13, 1985, on a vote of 60 to 39.

The Senate amendment to H.R. 1562, in comparison with the bill as passed by the House, reduces the number of textile importing countries facing immediate quota level rollbacks under the bill and also lessens the percentage of rollback. The Senate amendment also contains new provisions designed to establish quotas to reduce import penetration in nonrubber footwear to 60 percent of domestic consumption, and to direct the President to negotiate voluntary restraint agreements regarding copper production to 1982 levels. The Senate amendment also directs the International Trade Commission to study wage rates and labor practices in countries with which the United States had a 1984 trade deficit exceeding $4 billion.

Mr. Speaker, I believe the Senate amendment represents an improvement over the House-passed bill. The amendments made in the other Chamber address a number of issues cited by opponents to H.R. 1562 when it was considered in the House in October. I believe this version of the legislation will clear this Chamber by an even wider margin.

Mr. Speaker, I would also like to take this opportunity to congratulate and thank the leadership of the Ways and Means Committee for bringing this matter to a vote today. I would especially like to thank the chairman of the Ways and Means Committee, who, although opposed to this legislation, has exercised his leadership in facilitating consideration of this issue which is deemed of overriding interest to an overwhelming majority of our colleagues.

The procedures provided for under the rule will allow the membership of the House a straight up-or-down vote on this issue in a timely fashion. Adoption of the motion to be offered by Mr. ROSTENKOWSKI or his designee will constitute final congressional action of the bill, unless it is returned to Congress with a veto message from the President.

Mr. Speaker, I urge adoption of this rule, and passage of the motion to adopt the Senate amendments to H.R. 1562.

Mr. QUILLEN. Mr. Speaker, I yield myself as much time as I may use.

Mr. Speaker, the rule has been described accurately by the gentleman from South Carolina [Mr. DERRICK]. House passage of this rule and of the bill already approved by the other body will send the measure to the President. And I would respectfully request of the President that he allow this bill to become law.

Members should be aware that a number of changes to the House-passed bill were made in the other body. The most important addition is relief for the domestic footwear industry. The bill now provides footwear imports with a 60-percent share of the American market, while reserving 40 percent to our American industry. This is reasonable and justified to save an important American industry that is fighting for its life.

In regard to the main part of the bill, the textile and apparel import quotas, import penetration is granted up to about 42 percent of the domestic market, with 58 percent reserved for our American manufacturers. This is certainly generous to our foreign competitors while at the same time allowing our own American textile and apparel industry to survive.

Mr. Speaker, despite everything that has been said against this bill, a review of its provisions will show it to be a fair and reasonable bill which gives a generous share of our domestic market to our foreign competitors. The bill is a lifeline to our own textile and apparel industry which is going under, in my judgment, unless we enact this bill into law.

We have seen a 65 percent surge in imports in the past 2 years, and 300,000 jobs have been lost since 1979. Imports now comprise 50 percent of the American clothing market. Enough is enough.

I ask my colleagues to lend a helping hand to an industry employing almost 2 million workers that has reinvested its capital and has made every effort to modernize its equipment and its business practices. I ask you to vote for this rule and for this bill—to vote for America. And Mr. President, I ask you to allow this reasonable and fair bill to become law. I ask you, Mr. President, not to forget our own people, not to sacrifice them on the altar of a trade policy that is more theory than reality.

A national trade policy that turns a blind eye to the destruction of great American industries is not my idea of an intelligent policy, and I hope it is not yours, Mr. President.

Let's think of America first.

Mr. President, don't veto this bill.

Mr. DERRICK. Mr. Speaker, I reserve the balance of my time.

Mr. QUILLEN. Mr. Speaker, I yield 2 minutes to the gentlewoman from Maine [Ms. SNOWE].

Ms. SNOWE. Mr. Speaker, I rise in support of this rule because the American footwear industry deserves its chance to get relief from imported footwear.

Four consecutive years of massive surges of imported shoes have left domestic manufacturers with only 20 percent of the American shoe market. A lack of any restraint on imported footwear has meant the loss of hundreds of factories throughout this country and more than 4,000 jobs in my State alone, which is foremost in shoe production in America.

Because of this tragic situation, the shoe industry sought relief under existing trade laws. They used the import relief procedures by filing a relief petition with the International Trade Commission, and last July the International Trade Commission ruled in favor of the shoe industry by saying that the domestic market should be no more than 60 percent of imported footwear.

□ 1305

Even 60 percent is a very high level for foreign import penetration. But unfortunately, the President rejected such a recommendation.

So it now falls to the full House of Representatives and the entire U.S. Congress to grant such a relief to an industry. Relief from more than 750 million pairs of shoes that come into this country on an annual basis resulting in 80-percent import penetration. They have no recourse, they have no means of rebuilding and retooling without the incentive granted by this legislation that we are about to consider.

The shoeworkers and the shoe manufacturers of America, with their backs against the wall, deserve this one chance and these votes in support of the industry. It is not only in support of the shoeworkers and the shoe industry, but indeed, it is in support of the credibility of the process itself.

Mr. Speaker, I would urge Members to adopt this resolution so that we can consider the upcoming motion to accept the Senate amendments.

Mr. QUILLEN. Mr. Speaker, I was very pleased indeed to see the Senate add the footwear industry in the measure and also the handbag industry and the copper industry. I think now that we all can say with pride, "Let us buy American; do not sell us down the drain."

Mr. Speaker, I yield 4 minutes to the gentleman from Illinois [Mr. CRANE].

Mr. CRANE. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in opposition to the rule under consideration for H.R. 1562, the Textile and Apparel Trade Enforcement Act. The rule provides for a motion to take the bill from the Speaker's table and concur with the Senate amendments.

As I have stated previously and often, H.R. 1562 is protectionism in its worst form—discriminatory, permanent, expensive, and totally mandatory. It blatantly violates the Multi-Fiber Arrangement [MFA], the General Agreement on Trade and Tariffs [GATT], and 38 other bilateral textile agreements currently in force. The legislation will burden the consumer with additional costs, and will only shift the problems from one American sector to another. Finally, it will put billions of dollars in U.S. exports at risk, especially agricultural exports due to the certainty of foreign retaliation.

While the Senate amendments marginally liberalize the bill's quota regime for textiles and apparel, they fail to deal with the basic and fundamental defects of the House passed bill. Furthermore, they add footwear quotas and copper importation restrictions to an already protectionist bill. The footwear provisions added by the Senate are even more restrictive than the ITC's recommendation rejected by the President earlier this year. To put this in perspective, the U.S. consumer would be forced to pay an additional $2.8 billion for shoes per year, or $72,000 a year for each $14,000 job saved.

In a purely political effort to gain support of some of the Western States, the Senate included limits on imported copper. Copper and textiles obviously have little in common, except that both industries are seeking import protection. Given enough time, the proponents of the textile bill might have included a wide array of special interests until the final product was a protectionist package of the magnitude of the infamous Smoot-Hawley Tariff of 1930.

The impact of the revised Senate version of H.R. 1562 even goes beyond simple economic considerations. In an almost complete reversal of U.S. foreign policy, the Senate amendments would focus the legislation's deepest cuts on Taiwan, Korea, and Hong Kong, while Communist China would be exempted from the most severe restrictions. In a foreign policy era where we are trying to reassure our Asian allies of U.S. support and backing, it makes little sense to levy the harshest economic blows against these allies, while granting exclusions to their Communist enemies.

Not only do I oppose the content of H.R. 1562 and the additional Senate amendments, I also strongly oppose circumventing normal legislative procedures to achieve political ends. For the third time in this session, a special rule was granted in order to avoid a House-Senate conference. As we are all well aware, the concept of a conference was included in the legislative process to allow for a compromise between the differences in House and Senate versions of a bill. Whatever the political motives, there is no justification for breeching this legislative responsibility. Support of this rule will only legitimize and further institutionalize this perversion of the legislative process.

For these previously mentioned reasons, I oppose the bill and the rule, and urge my colleagues to support the legislative process by voting against the rule as well.

Mr. QUILLEN. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from North Carolina [Mr. BROYHILL].

Mr. BROYHILL. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in very strong support of this rule. I think that one of the factors that we need to look at is the very unfortunate effect that the continued tremendous increase in imports of textile, and apparel products is having on various economic sectors of our economy. I am talking about lost jobs; I am talking about closed manufacturing plants, and of course, the dire effect that this is having on the many communities to which this great industry is dependent.

Our trade laws and the agreements that we have entered into in the past are intended to deal with situations that we have been experiencing in the last 4 or 5 years and that is rapid increase in the imports in these particular products. But we also see that the laws are not clear, and more than that, the enforcement of these agreements, the enforcement of these laws in not evenhanded; it is often confused; delays are endless, and the remedies, if they come at all, are often too little and too late.

Jobs losses in the American fiber, textile and apparel industries has gone over 300,000 just in the past 5 years.

Footwear imports have robbed an additional 38,000 Americans of their jobs. Copper imports have displaced an additional 18,000 Americans. Of course, many of these individuals live in communities where these jobs are the only jobs that are available. In other words, when that particular mill or manufacturing facility closes down, the community closes down itself.

I want to emphasize, Mr. Speaker, that even with this bill, imports on the textile and apparel side, imports are going to continue at a very high level. We estimate at about 42 percent of the U.S. apparel market. In other words, in my judgment, 42 percent is a very generous share of the American market. I do not see how, with a market that size, that would be enjoyed by the foreign producers, how that can be termed as protectionist.

What the purpose of the bill is is to restore some order and fairness to world textile and apparel trade by requiring that the objectives of the multifiber arrangement be enforced. The MFA was agreed to by dozens of countries a number of years ago. The purpose of it was to regulate the trade in textile and apparel products around the world. In other words, what the MFA does, on the one side it seeks to permit the lesser-developed nations to have access to the consuming nations, but at the same time to make sure that that trade in those products is conducted in an orderly way. It was never intended to permit the underdeveloped nations to take undo advantage of the other nations.

Yet, what has happened in the last few years, we have seen the United States take a growth rate of some 19 percent a year. Now the United States, being the most open market in the world, we are taking over 65 percent of the third world production of apparel and textile products. The fact is is that it is having a dire effect on the U.S. domestic industry itself.

□ 1315

That goes back to the statistics that I was citing just a few moments ago.

So, Mr. Speaker, I would urge the adoption of this rule and ask that, after the conclusion of the later debate, we have an overwhelming vote for this bill and send it to the President with a resounding message by an overwhelming majority of this body that we want and expect an affirmative agreement and a signing of this bill. It is high time that we come to the aid of this great industry which employs some 2 million men and women around the country.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield 2 minutes to the gentleman from Montana [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Speaker, I support this rule and this legislation. As some of my other colleagues have said, most of the Members of this House, and I include myself, are free traders; we are also fair traders.

We have not rushed to encourage this bill which we now support. In fact we have been like the other free traders of this Congress. We have been very patient, perhaps too patient. Six years ago, when President Reagan took the oath of office, America's trade deficit was $35 billion—too high—but as I speak it is approaching $135 billion, and unlike the Federal deficit, the trade deficit is genuine and threatens economic collapse.

You know, Americans work both sides of the street on the Federal deficit. They own both the liabilities and the assets. In other words, we owe ourselves. But with regard to the trade deficit, foreigners own the assets, and we only hold the liabilities, and those liabilities can be called in at any moment. Should that happen, there will be an immediate run on the dollar, creating serious financial jeopardy for our institutions here at home, and there will be an increase in the yen and the franc and the pound and the other foreign currencies, creating significant unemployment among our foreign allies, and those two facts together may begin to open up an economic black hole which will threaten to expand and pull all the nations of the world into a global depression.

The Congress has been patient—too patient. It is now time to pass this bill.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield 3 minutes to the gentleman from Ohio [Mr. PEASE].

Mr. PEASE. Mr. Speaker, the House now has before it textile legislation which the Senate passed and which the President has indicated he will veto. Since the Senate, like the House, passed its textile bill by less than a two-thirds margin, the President's veto is likely to be sustained.

But even though less than two-thirds of the Members of Congress voted for textile and apparel import restrictions, it is my guess that more than two-thirds believe that a serious trade-related problem exists that warrants action. Many like myself genuinely sympathize with the intentions of the sponsors of both bills. However, we cannot agree with their proposed solutions. They are simply too sweeping and restrictive. I, for one, deeply regret that the legitimate and serious problems of people in the largest manufacturing sector in the American economy will go unaddressed because Congress has given the President exactly what he wanted: an extreme bill that he can successfully veto.

Mr. Speaker, we are permitting the problems of these people to get lost in a polarized debate between the President's callous inaction and protectionist solutions that could prove to be highly destructive to the international trading system.

We need pragmatic, constructive solutions to our international trade problems, solutions that strengthen rather than threaten the international trading system. I have attempted to set out a constructive alternative in an omnibus bill which I introduced a month ago, H.R. 3668. This bill is aimed at the generic problems of the misaligned dollar, foreign unfair trade practices, and injurious imports.

Similarly, the workers, firms, and communities associated with the textile and apparel industry deserve their own constructive alternative—one that all Members who appreciate their trade-related problems can support.

Mr. QUILLEN. Mr. Speaker, I yield such time as he may consume to the gentleman from Arizona [Mr. RUDD].

Mr. RUDD. Mr. Speaker, I rise in opposition to the bill.

Mr. Speaker, I do not support H.R. 1562, the Textile and Apparel Trade Enforcement Act, not because I believe the problems facing the textile business—or Arizona's copper industry—have been resolved or that their problems are any less serious than before, but because of the tremendous costs involved with this legislation and its impact on the entire domestic labor market.

Administration estimates put the bill's cost to consumers at a staggering $28 billion annually. Thousands of jobs would be lost.

A study by the International Business and Economic Research Corp. [IBERC] estimates that consumer prices for imported apparel and textile products would rise 16 and 33 percent, respectively.

The textile and apparel industries are already the most protected of U.S. manufacturing industries. In addition to quotas, which cover more than 100 product categories with more than 80 percent of U.S. imports, there are tariffs averaging 22 percent.

Enacting restrictive trade barriers of our own would furthermore give little incentive for other countries to negotiate more open markets.

Mr. Speaker, there is a copper amendment, incorporated in this bill, which I strongly support—but was not allowed a separate vote. This is unfortunate. All it asks the U.S. trade representative to do is undertake bilateral negotiations with the major copper-producing nations—such as Chile, Zaire, and, Zambia.

Recently I helped push an identical amendment through the House Appropriations Committee, of which I am a member. It was adopted and attached as part of the continuing resolution. I still have hope the administration will adhere to this amendment and strong directive from the Congress and begin discussing voluntary production cutbacks with the overseas producers.

In Arizona and elsewhere in the Southwest, the copper industry is ailing and

needs temporary relief. This administration, despite numerous efforts and pleas from myself and other members of the congressional copper caucus, has so far, refused to act. But pressure in Congress and the severity of the problem facing the domestic copper industry will hopefully prompt a change of heart soon.

Negotiations between the United States and other copper-producing nations are necessary to limit overproduction and we must also end the subsidization of foreign copper industries through such institutions as the World Bank and the International Monetary Fund [IMF].

This Nation's copper concerns cannot be sacrificed for a foreign policy which will mean, ultimately, the demise of this strategic industry which is indispensible for our national defense.

My hope is that both the Congress and the administration will recognize this fact and begin to address the problems facing the domestic copper industry as a separate legislative issue. It deserves nothing less.

Mr. QUILLEN. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida [Mr. SHAW].

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in opposition to the bill.

Mr. Speaker, so many of the difficult problems we deal with these days are directly related to the enormous drain placed on our national resources by the size of the Federal deficit. Most recently we have been preoccupied by the implications of America's growing trade deficit. It is a widely recognized fact that the Federal deficit helps create the interest rate pressures which have contributed to the dollar's adverse rate of exchange. Experts seem to agree that the overvalued dollar is a major cause of our trade problems.

While trade is of great importance to all of us, it is particularly significant because of the role it plays in Florida's economic welfare. As we moved into this decade, Florida was this country's only exporter of tropical fish—annual sales of $7.6 million—its leading exporter of phosphates, and was ranked second among all the 50 States in the value of its exports of fruit and fruit products—annual sales of $586 million.

I was especially disappointed to learn that our European allies failed to take appropriate actions to lift discriminatory tariffs on U.S. citrus exports in accordance with the U.S. Trade Representative's deadline of October 31, 1985. These tariffs have been in place since 1969 and are causing America's citrus farmers to forgo upward of $48 million in annual sales.

But export sales are not the bottom line in the trade crisis. For Americans, trade has become synonymous with jobs. This is especially true for the citizens of Florida where an estimated 50,200 jobs have been identified as "export dependent" by the U.S. Commerce Department. If we intend to act responsibly in addressing the job-related concerns of Americans we will have to provide constructive legislative solutions. That is exactly why I am a cosponsor of H.R. 3522—the Trade Partnership Act. H.R. 3522 is the responsible Republican alternative for dealing with our trade problems.

The Trade Partnership Act is a comprehensive response to the complex difficulties facing our Nation in the realm of international commerce. A few of its provisions are specifically tailored to the jobs-related concerns of both American industry and its workers. The bill expedites the relief process for industries facing unfair trade practices. One of the biggest complaints of adversely affected industries is that they can't seem to get a timely decision on their relief petitions. Current law allows decisions on these important matters to take up to 12 months in some cases but H.R. 3522 mandates final decisions within 6 months in all cases. Moreover, the possibility of delay while the matter lies on a busy President's desk is also eliminated because the bill requires a Presidential reaction within 15 days of any recommendation for relief by the U.S. Trade Representative.

The bill also takes steps to ease the burdens on individual American workers displaced by import competition. It eliminates all ambiguity in current State laws by mandating that workers can receive unemployment benefits while undergoing federally certified job retraining. Finally, this legislation creates an incentive for companies to retain their own workers by reimbursing up to 80 percent of the cost for in-house retraining programs.

America's trade problems are the world's trade problems. I am proud to be part of a constructive effort to manage America's trade difficulties in a responsible way.

Mr. QUILLEN. Mr. Speaker, I yield 2 minutes to the gentleman from Maine [Mr. MCKERNAN].

Mr. MCKERNAN. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in support of this resolution.

As we all know, not too long ago the House passed a bill granting relief for the textile industry. We have the opportunity here today to help out some other industries that are equally beleaguered, in some cases perhaps more so, as is the case with the shoe industry in this country.

In the shoe industry alone we have lost 38,000 jobs in the last 5 years. Seven thousand of those jobs have been in my State of Maine. Since 1984, 24 shoe shops in my State have either closed or cut back drastically on employment.

That national figure of 38,000 lost jobs may pale by comparison with the 300,000 in the textile industry, but I can assure you that in a small town of 4,000 or 5,000 those 300 people who might be put out of work by the closing of a shoe plant would have a devastating effect not only on the individuals who cannot find additional jobs in that community but on the community itself from the loss of tax base, as well as on the merchants in that community where people can no longer afford to buy their products or to pay their bills.

But there is another distinction that I think is very important relating to the issue we are going to be voting on today, especially as it affects the shoe industry. We have an industry that has tried to follow our trade laws. That industry has gone to the International Trade Commission. It has not only gone to the Commission but has received a unanimous decision by that Commission that the industry deserves relief because, in fact, there is unfair competition from foreign imports. I hope that we will give the shoe industry that relief today.

Mr. Speaker, I want to applaud the Rules Committee for bringing us this issue because it gives us all the opportunity to demonstrate that we do care about the enforcement of our trade laws, and we want equity for American workers.

Mr. QUILLEN. Mr. Speaker, I yield 5 minutes to the gentleman from Nebraska [Mr. DAUB].

Mr. DAUB. Mr. Speaker, I appreciate the gentleman's yielding me this time, and I am standing before my colleagues today in the House of opposition not only to the rule but to the bill itself.

Mr. Speaker, this legislation is advertised as a harmless helping hand for a couple of struggling industries; it's actually a kick in the teeth to American consumers—in particular low-income consumers, American workers, and especially American farmers.

This is the second time we have debated this issue. In the last debate, I raised the point that this bill will result in needless retaliation against the farmer. The point is that this region of the world is one of our best agricultural customers. If we cut off their No. 1 export to this country, textiles, they'll cut off our No. 1 export to their region, farm commodities.

Significantly, this point went unchallenged. I guess the proponents of this bill are just asking us to accept retaliation against our farmers as a necessary evil.

I am not willing to accept this consequence. I am here today to again raise this point. Make no mistake about it, a vote for this bill may be one of the most damaging things we do to agriculture this year—and believe me after some of the actions this body has taken recently, that's saying quite a lot.

We are discussing imposing drastic reductions on major buyers of American agriculture products. The Foreign Agricultural Service of the USDA provided me some statistics on what these nations buy from our farmers.

The four textile groups whose sales to the United States will be restricted under this bill bought more than $15.7

billion of American ag products. And these ag purchasers are increasing, up from $2.2 billion in 1970. These countries bought a whopping 43 percent of all U.S. ag sales overseas last year.

In my State, we grow wheat, feed grains, soybeans, and livestock. The three countries which will bear the brunt of the trade cutoffs from this bill bought nearly $2 billion of these American produced products.

Who are we trying to kid? Does anybody think that these nations will buy American farm commodities readily available elsewhere if we shut down 35-40 percent of their textile exports to the United States?

In 1983 after we imposed unilateral restraints on Chinese textile imports, the Chinese boycotted American cotton, soybeans, and grain. The National Association of Wheat Growers testified in committee that we lost about $500 million in wheat sales alone because of this. The dispute was over just 50 million dollars' worth of textiles.

Here are some ag export figures to the three target countries. In my State, we grow feed grains, wheat, soybeans, and livestock. Here is what the three target countries bought of those commodities last year.

	Million
Wheat	$432
Feed grains	834
Livestock (beef and pork)	874

This bill will take money out of Nebraska farmer's pockets. But it isn't just Nebraska wheat, feed grain, and livestock producers who'll get stuck, it's most other farmers. American poultry, dairy, tobacco, wine, nuts, citrus, sugar, cotton, and rice are all bought by these countries. I am offering into the RECORD the agriculture purchases of these three countries last year.

U.S. DEPARTMENT OF AGRICULTURE FOREIGN AGRICULTURAL SERVICE

Commodity exported and area or country of destination	Units	Quantity			Cumulative to date value					Current mon.			
										Quantity		Value	
		1983 units	1984 units	Percent quantity change	1983 (thousands)	1984 (thousands)	Percent value change	1983 unit value	1984 unit value	1983 units	1984 units	1983 (thousands)	1984 (thousands)
Korea, Republic of		580											
Wheat and wheat flour	MT	1,885,213	1,973,785	+5	$304,782	293,819	−4	161.67	148.86	144,896	165,455	$22,269	$24,375
Rice	MT	246,272	357	−100	60,977	104	−100	247.60	290.56	2		1	
Corn	MT	4,073,483	2,200,106	−46	559,678	327,317	−42	137.40	148.77	468,553	84,252	72,210	11,011
Grain sorghums	MT		148,000			19,491			131.70				
Barley and oats	MT	104	233	+123	11	24	+123	103.33	103.44				
Other grains, grain products	MT	4,445	3,458	−22	4,407	2,760	−37	991.55	798.30	48	42	54	44
Feeds and fodders	MT	3,043	21,167	+596	833	3,451	+314	273.70	163.04	197	170	66	65
Seeds	MT	2,452	6,197	+153	2,373	4,755	+100	967.66	767.30	8	5	9	12
Pulses	MT	223	838	+276	139	471	+238	625.06	561.65		98		78
Soybeans	MT	744,617	660,260	−11	201,200	186,788	−7	270.21	282.90	98,813	42,565	31,336	10,527
Other oilseeds	MT	18	55	+198	29	40	+36	1,595.47	726.74			1	1
Soybean oil products	MT	55	18	−68	101	13	−87	1,842.82	735.16	14		13	
Cottonseed oil	MT	2,838	2,320	−18	2,102	1,965	−7	740.53	846.70	526	111	516	104
Other vegetable oils, waxes and products	MT	3,350	2,868	−14	5,694	5,400	−5	1,699.73	1,882.58	221	226	436	439
Soybean cake and meal	MT	85,153	27,516	−68	20,376	6,369	−69	239.29	231.47				
Other cakes and meals	MT		102			36			357.70				
Cotton—including linters, raw silk	MT	270,767	277,261	+2	395,585	453,217	+15	1,460.98	1,634.62	22,965	26,981	36,505	42,470
Poultry meat	MT	146	136	−7	283	209	−26	1,935.61	1,535.75	1	44	4	46
Other poultry products	MT	623	294	−53	22,549	9,516	−58			22	5	643	232
Nonfat dry milk	MT		1			1			1,411.76				
Other dairy products	MT	733	115	−84	687	557	−19	937.58	4,829.04	6	25	19	130
Fresh citrus	MT	501	912	+82	397	619	+56	792.34	678.21	19	157	20	53
Other fresh fruit	MT	36	42	+17	29	44	+49	823.08	1,046.32	4	5	3	2
Canned fruit	MT	694	1,097	+58	722	1,052	+46	1,040.89	958.73	23	54	38	70
Dried fruit	MT	1,738	1,573	−10	2,443	2,064	−16	1,405.73	1,312.56	273	135	350	192
Fruit juices	XXX				2,434	2,891	+19					103	170
Other fruits, preparations	MT	92	53	−42	135	144	+7	1,467.17	2,716.50	17	3	22	7
Nuts and preparations	MT	434	353	−19	1,204	1,072	−11	2,776.34	3,040.48	88	31	260	90
Vegetables and preparations	MT	2,211	7,138	+223	4,235	5,531	+31	1,915.12	774.79	158	4,734	354	1,237
Wines and roses	XXX				125	102	−18					1	4
Tobacco	MT		1			3			5,133.91				
Live animals	XXX				20,356	5,417	−73					1,212	649
Beef and veal	MT	1,068	1,462	+37	4,997	7,964	+59	4,679.83	5,449.23	50	115	318	527
Pork	MT	75	51	−32	275	199	−28	3,660.81	3,901.78	3	4	15	20
Variety meats	MT	51	227	+350	100	493	+391	1,986.81	2,167.11		8	1	13
Lard	MT	53	64	+20	91	32	−65	1,708.21	502.64				
Tallow and greases	MT	80,952	84,247	+4	33,839	41,348	+22	418.01	490.79	11,595	4,661	5,056	2,460
Hides and skins	XXX				170,047	245,969	+45					15,346	13,714
Furskins	XXX				4,328	4,069	−6					632	165
Other livestock products	MT	8,734	4,899	−44	6,068	6,740	+11	694.72	1,375.83	986	172	486	454
Sugar and tropical products	MT	1,436	1,503	+5	6,245	8,144	+30	4,348.93	5,419.93	183	126	498	682
Grand total		7,421,609	5,428,707	−27	1,839,876	1,650,196	−10	247.91	303.98	749,674	330,183	188,797	110,045
China (Taiwan)		583											
Wheat and wheat flour	MT	620,504	653,507	+5	107,102	109,118	+2	172.60	166.97	53,323	121,814	9,281	19,810
Rice	MT		215			96			447.91				
Corn	MT	3,265,762	2,864,683	−12	430,296	424,102	−1	131.76	148.05	324,166	375,561	44,164	50,886
Grain sorghums	MT	118,892	300,733	+153	14,855	35,416	+138	124.95	117.76		31,365		3,353
Barley and oats	MT	215,502	220,869	+2	25,639	27,715	+8	118.97	125.48		51,146		6,111
Other grains, grain products	MT	1,668	1,015	−39	747	695	−7	447.57	684.26	90	489	70	185
Feeds and fodders	MT	9,525	39,545	+315	3,925	11,133	+184	412.09	281.52	1,270	4,578	391	1,212
Seeds	MT	1,287	713	−45	1,360	993	−27	1,056.88	1,392.69	24	166	106	51
Pulses	MT	16,535	20,150	+22	4,097	4,709	+15	247.76	233.69	636	3,344	175	762
Soybeans	MT	1,375,002	1,312,722	−5	362,647	390,637	+8	263.74	297.58	192,904	136,756	63,701	33,306
Other oilseeds	MT	2,611	2,166	−17	1,224	1,179	−4	468.87	544.20	116	253	70	124
Soybean oil	MT	3,452	1,243	−64	2,101	957	−54	608.80	769.90	109		98	
Other vegetable oils, waxes and products	MT	3,248	3,847	+18	5,363	6,414	+20	1,651.25	1,667.21	261	504	350	879
Soybean cake and meal	MT		481			326			676.99				
Cotton—Including linters, raw silk	MT	72,990	110,128	+51	93,096	157,244	+69	1,275.45	1,427.83	7,027	10,007	9,405	16,615
Poultry meat	MT	129	113	−12	196	187	−5	1,520.11	1,652.97	13	19	27	41
Other poultry products	MT	562	372	−34	3,617	3,062	−15	6,433.17	8,224.19	70	30	313	363
Nonfat dry milk	MT	4	4	−19	10	30	+202	2,211.37	8,266.74				
Other dairy products	MT	2,310	1,821	−21	4,313	2,214	−49	1,867.38	1,215.96	171	24	239	38
Fresh citrus	MT	5,461	1,642	−66	2,061	959	−53	377.33	520.89	8	25	9	14
Other fresh fruit	MT	63,390	36,776	−42	28,350	16,734	−41	447.24	455.03	6,366	4,706	2,578	1,880
Canned fruit	MT	2,230	2,211	−1	1,832	2,225	+21	821.64	1,006.37	164	230	170	224
Dried fruit	MT	3,736	2,681	−28	5,504	3,509	−36	1,473.44	1,308.90	462	281	597	417
Fruit juices	XXX				3,809	3,855	+1					222	541
Other fruits, preparations	MT	538	74	−86	587	198	−66	1,089.65	2,670.36	4		4	1
Nuts and preparations	MT	1,439	1,293	−10	4,150	3,833	−8	2,883.29	2,965.69	205	189	588	517
Vegetables and preparations	MT	3,860	4,796	+24	3,102	4,474	+44	803.71	932.86	225	451	243	450

U.S. DEPARTMENT OF AGRICULTURE FOREIGN AGRICULTURAL SERVICE—Continued

Commodity exported and area or country of destination	Units	Quantity			Cumulative to date value					Current mon.			
										Quantity		Value	
		1983 units	1984 units	Percent quantity change	1983 (thousands)	1984 (thousands)	Percent value change	1983 unit value	1984 unit value	1983 units	1984 units	1983 (thousands)	1984 (thousands)
Wines and roses	XXX				399	496	+26					13	75
Tobacco	MT	9,048	11,395	+26	50,732	64,857	+28	5,607.27	5,691.71	7,224	8,083	38,928	45,899
Live animals	XXX				2,232	2,652	+19					601	415
Beef and veal	MT	1,470	1,578	+7	5,358	6,139	+15	3,643.66	3,890.52	30	128	147	517
Pork	MT	68	60	−11	212	114	−46	3,121.53	1,895.44	55		187	
Variety meats	MT	585	360	−38	473	735	+55	809.62	2,040.31		127		203
Lard	MT	999		−100	360		−100	360.00					
Tallow and greases	MT	36,460	19,440	−47	13,687	9,323	−32	375.39	479.60	5,520	1,057	2,291	558
Hides and skins	XXX				89,405	120,220	+34					7,336	9,196
Furskins	XXX				142	201	+42					2	2
Other livestock products	MT	75,934	105,937	+40	21,656	28,189	+30	285.20	266.09	9,249	11,155	2,645	2,575
Sugar and tropical products	MT	1,994	2,150	+8	13,289	10,511	−21	6,663.29	4,889.38	217	256	1,316	1,148
Grand total		5,917,197	5,724,920	−3	1,307,928	1,455,452	+11	221.04	254.23	609,909	762,743	186,263	198,366
Hong Kong		582											
Wheat and wheat flour	MT	110,811	113,040	+2	18,863	18,249	−3	170.22	161.44	7,378	7,800	1,246	1,273
Rice	MT	182	131	−28	82	86	+4	451.83	653.03	2	5	4	10
Other grains, grain products	MT	1,528	1,324	−13	1,636	1,565	−4	1,070.52	1,182.18	204	93	253	151
Feeds and fodders	MT	30,194	24,752	−18	10,182	7,685	−25	337.22	310.49	2,565	2,163	883	637
Seeds	MT	267	187	−30	713	931	+31	2,667.72	4,990.88	22		20	
Pulses	MT	1,121	1,496	+33	540	733	+36	482.21	489.85	112	107	61	29
Soybeans	MT	54		−100	16		−100	285.62					
Other oilseeds	MT	611	792	+30	1,224	1,596	+30	2,004.82	2,014.42	83	50	149	80
Soybean oil	MT	53	27	−50	44	34	−23	816.73	1,257.02		23		29
Cottonseed oil	MT	4	39	+875	3	45		753.40	1,139.77				
Other vegetable oils, waxes and products	MT	7,162	9,225	+29	7,886	10,007	+27	1,101.04	1,084.82	464	366	590	498
Soybean cake and meal	MT	91		−100	26		−100	283.53					
Other cakes and meals	MT	94		−100	33		−100	354.91					
Cotton—including linters, raw silk	MT	30,586	61,691	+102	38,821	85,191	+119	1,269.22	1,380.94	5,471	2,742	7,120	3,925
Poultry meat	MT	25,458	33,884	+33	24,485	35,610	+45	961.79	1,050.92	2,087	2,678	2,055	2,522
Other poultry products	MT	389	370	−5	5,305	6,459	+22			33	14	279	396
Nonfat dry milk	MT	23	1	−95	53	4	−93	2,347.99	3,000.00	1		4	
Other dairy products	MT	1,760	1,338	−24	6,769	5,075	−25	3,846.60	3,793.47	228	13	558	95
Fresh citrus	MT	134,856	105,101	−22	71,960	57,814	−20	533.60	550.08	7,595	6,021	3,728	3,310
Other fresh fruit	MT	41,996	50,473	+20	30,177	36,015	+19	718.58	713.55	4,129	5,315	2,358	3,529
Canned fruit	MT	3,863	2,822	−27	3,935	2,992	−24	1,018.57	1,060.07	200	60	233	78
Dried fruit	MT	1,742	1,317	−24	2,805	2,302	−18	1,609.79	1,747.35	205	105	347	158
Fruit juices	XXX				3,812	4,271	+12					202	491
Other fruits, preparations	MT	190	273	+44	252	412	+64	1,327.33	1,506.84	26	10	32	14
Nuts and preparations	MT	639	630	−1	2,009	1,926	−4	3,145.71	3,059.75	52	68	124	200
Vegetables and preparations	MT	50,288	50,227		29,621	29,323	−1	589.03	583.82	3,214	3,672	1,927	2,234
Wines and roses	XXX				4,329	2,919	−33					62	49
Tobacco	MT	1,705	3,915	+130	10,198	24,968	+145	5,981.90	6,376.89	31	216	227	1,375
Live animals	XXX				106		−100					23	
Beef and veal	MT	891	980	+10	5,319	5,400	+2	5,968.51	5,512.65	75	45	552	277
Pork	MT	408	492	+20	1,190	1,060	−11	2,917.18	2,155.06	31	6	54	26
Variety meats	MT	694	889	+28	801	1,514	+89	1,154.09	1,702.70	173	68	164	156
Lard	MT	3	3	−13	5	4	−21	1,536.95	1,396.01				
Tallow and greases	MT	3		−100	3		−100	842.15					
Hides and skins	XXX				5,218	3,033	−42					391	209
Furskins	XXX				2,801	3,611	+29					323	76
Other livestock products	MT	2,380	3,439	+45	2,046	2,116	+3	859.66	615.28	272	366	214	187
Sugar and tropical products	MT	5,018	4,996		63,865	58,418	−9			449	456	6,431	9,930
Grant total		455,063	473,854	+4	357,131	411,367	+15	784.79	868.13	35,101	32,463	30,615	31,946

Note.—Unconvertible units excluded from quantity figures.
Source: U.S. Census data (unadjusted).

Mr. Speaker, this bill isn't going to preserve jobs, we are merely going to swap jobs in one sector for jobs in another—and this is a costly swap.

One study [IBERC], International Business and Economic Research Corp., concludes that this bill may preserve 12,800 apparel jobs and 7,800 textile jobs. But it will cost 20,375 retail jobs. The net gain works out to be about 250 jobs at a cost to the consumer of almost $20 million per job.

Textile imports rose 20 percent per year between 1980 and 1984. However, from 1972 to 1980 these imports decreased 3 percent per year. What is the reason for the upturn in recent imports in the last 4 years?

From January 1980 to March 1985, the dollar's value has increased by 60 percent. In other words, textile imports have gained a cost advantage over domestic goods on the average of 60 percent. Of course consumers are going to buy more of them.

In fact, the Congressional Budget Office said that from 1980 to 1984 about 87 percent of the total deterioration in trade deficit was due to the appreciation of the dollar.

And why has the dollar's value increased so dramatically? The CBO will tell you that the first reason is persistently large deficits which has lead to high interest rates bidding up the dollar.

We can reduce textile imports without passing on the cost to consumers, without swapping jobs in other sectors for jobs in the textile and apparel industry, without inviting retaliation against our farmers and other exporters, if we get Government spending under control.

The real pro textile and apparel industry vote is going to be on the balanced budget and the Emergency Budget Deficit Act which we will get a chance to consider when we try to raise the debt ceiling above $2 trillion.

This bill is going to penalize a lot of people it shouldn't. It's going to hurt farmers. It's going to hurt consumers. It's going to jeopardize American jobs. And it isn't going to do a darn thing about the real cause of the textile, apparel, and shore industry woes: The overvalued dollar.

Lets vote it down!

□ 1325

Mr. QUILLEN. Mr. Speaker, I have one remaining speaker.

I urge a "yes" vote on the rule and I urge a "yes" vote on the bill itself.

Let us save America. Let us protect America. Let us buy American, crafted with pride in the United States. This is a slogan we should all adopt because America means so much to our freedom and our way of life.

Mr. Speaker, I yield 5 minutes to the gentleman from South Carolina [Mr. CAMPBELL].

Mr. CAMPBELL. Mr. Speaker, this is a most important piece of legisla-

tion. The gentleman from Tennessee has explained it very well, but there have been a lot of arguments made here today that I think need to be answered.

This week there was a headline in the newspaper in my hometown of Greenville, SC, that said "Imports down," but in a column right next to it it said, "But textile and apparel imports up." Textile and apparel imports were up 17 percent over last year in September and 18 percent over last year in October. That is not getting things under control.

If the argument that the dollar is the cause, then why are imports going up as the dollar eases? The answer is very simple. The dollar is not the cause. So let us put that argument aside.

A lot of others can speak on this bill, and have eloquently, to the shoe, the copper, and the handbag problems, but let me speak if I may on the textile and apparel side of this legislation. The textile and apparel trade deficit that exists in this country is real; not only that, it corresponds to our overall dollar deficit. If you would like to track it, we have some charts that will show this.

We also must look at the fact that we have lost in 5 years 300,000 jobs. There are 2 million people still left working in the textile industry. Fifty percent of them are women, 25 percent are minorities. This happens to be the entry level, the largest entry level for beginning workers in the country in manufacturing. I do not think we can forget that.

Notwithstanding written commitments of this administration to work to hold textile and apparel imports down to the level of the growth of the domestic market, we today see the fact that the domestic market is growing at about 1.4 percent and we are growing anywhere from 4 to 10 times that rate. It has not worked.

I want to give a message to the White House that I think is necessary. The White House has received some 3 million letters from textile workers asking to help save their jobs, 3 million, and yet the White House reported the other day something that I thought was extremely interesting. They said they had received over 3 million letters, but they said those 3 million letters were for the President to support him going to conference with Mr. Gorbachev.

Now, I am sure that everybody supported him, but I would love to see all of those letters published, because I do not think they are there. I think the 3 million were textile letters and they did not mention them one time, and I am not sure the President has even been given those letters.

I hope they monitor this at the White House, because I want them to know it. Maybe some day the President will read some of those letters.

The textile-apparel-fiber complex in America, that is something we do not talk about. We think of only clothing; but did you know that the textile-apparel complex in America is multifaceted? The divisions of this industrial complex are inextricably related and they are independent. It is a high-technology industry.

Where are you going to sell the computers? Where are you going to sell the machines if you do not have people making clothes? You are not just going to deal with apparel in this country. You are not going to deal with just making cloth. You are dealing with computers and machines.

The ripple effect of this is something nobody has yet talked about in detail. It is time it is examined.

The industrial decline of this Nation—is that what we want to stand by and watch? Not me. I do not think we can retain our strength as a nation without a strong industrial base.

Retaliation: Retaliation, that is all I have heard. When the Prime Minister came over here from Japan, he said that his country was going to get tough on textiles and he knew it when he went back. What did he do? They immediately imposed some more quotas, immediately. Now, if that is retaliation, we have not done anything.

Now, let me just tell you something else. Do not tell me that you cannot take action. This chart right here shows where the European Economic Community took action on textiles and apparel. It shows a line here where their textile and apparel imports have not been going up. The darker line shows that we are going straight up in America. The European Economic Community operates under the MFA. Nobody took action against them. They are worried about their jobs and I think we should be worried about ours.

We should pass this rule. We should pass this piece of legislation and if the White House vetoes it, we should override the veto. The jobs of 2 million people are at stake, but more than that, the industrial base of this country may be at stake.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield 1 minute to the gentleman from South Carolina [Mr. TALLON].

Mr. TALLON. Mr. Speaker, I rise in support of the rule on H.R. 1562.

Mr. Speaker, it is folly when the administration takes its free trade philosophy to the point of failing to enforce existing trade agreements; but that is exactly what has happened with textile and apparels and it is largely responsible for the crisis that now besets that critical industry.

The vote today on passage on the Textile and Apparel Trade Enforcement Act may very well be the last chance to ensure the survival of our domestic textile and apparel industry.

If this bill isn't enacted, there is nothing to prevent a continuation in the surge of imports and the loss of jobs for hundreds of thousands of American workers.

Finally, Mr. Speaker, when H.R. 1562 reaches the President's desk, I plead with him to sign this legislation into law. This bill is a balanced attempt to control the surge of imports within the guidelines established by existing trade agreements.

It is a fair trade approach—and sound economic policy.

Mr. DERRICK. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is not only important that we pass this rule, it is important that we pass this rule with at least a two-thirds vote so that we can send a message to the White House.

You know, this is one of the few opportunities I think that we have had on the floor since I have been in Congress to really help the guy out there who is working every day in a mill, paying his taxes, trying to educate his children, and is a patriotic American.

This business about retaliation is just a lot of hobgobble. We have the largest market in the world. We have a trade deficit, for instance, with Japan for some 30-odd billion dollars. Is someone going to seriously suggest to me that they are going to retaliate against the greatest market that they have? Of course, that is not true, and it is true of many of our other trading partners.

There are others who suggest that it is because of the deficit. Well, there was a study done recently that shows that those countries that have their monetary system tied to the American dollar have had the greatest increase in textile imports into this country; so that blows away that argument.

The fact of the matter is that is not protectionist legislation. Sure, it protects the guy working back home, and I pray to goodness that he is the one we want to protect.

So I suggest, stand up and be counted. Vote and let us get a two-thirds majority for the working men and women of this country.

Mr. GIBBONS. Mr. Speaker, will the gentleman yield?

Mr. DERRICK. Mr. Speaker, I yield to the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Speaker, I did not know the rule was controversial. I do not think anybody opposes the rule. I thought we could save a little time here.

Mr. DERRICK. Mr. Speaker, I was trying to keep the gentleman seated so it would not be.

Mr. GIBBONS. Well, I do not find the rule controversial. Let us just voice vote the rule and get it over with.

The SPEAKER pro tempore. All time has expired.

Mr. DERRICK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. CRANE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 298, nays 109, not voting 27, as follows:

[Roll No. 423]

YEAS—298

Ackerman	Dickinson	Horton
Andrews	Dicks	Howard
Annunzio	Dingell	Hoyer
Anthony	DioGuardi	Hubbard
Applegate	Dixon	Huckaby
Aspin	Donnelly	Hughes
Atkins	Dorgan (ND)	Hunter
Barnard	Dowdy	Hutto
Barnes	Downey	Jeffords
Bates	Duncan	Jenkins
Beilenson	Durbin	Johnson
Bennett	Dwyer	Jones (NC)
Bentley	Dymally	Jones (TN)
Berman	Dyson	Kanjorski
Bevill	Early	Kaptur
Biaggi	Eckart (OH)	Kastenmeier
Billey	Edwards (CA)	Kennelly
Boehlert	Emerson	Kildee
Boggs	Erdreich	Kindness
Boland	Evans (IL)	Kleczka
Boner (TN)	Fascell	Kolbe
Bonior (MI)	Fazio	Kostmayer
Bonker	Feighan	Lantos
Borski	Fiedler	Leath (TX)
Bosco	Fish	Lehman (CA)
Boucher	Flippo	Lehman (FL)
Boxer	Florio	Leland
Breaux	Foglietta	Lent
Brooks	Foley	Levin (MI)
Brown (CA)	Ford (MI)	Levine (CA)
Broyhill	Ford (TN)	Lipinski
Bruce	Frank	Lloyd
Bryant	Franklin	Long
Burton (CA)	Frenzel	Lott
Bustamante	Frost	Lowry (WA)
Byron	Garcia	Lujan
Callahan	Gaydos	Lundine
Campbell	Gejdenson	MacKay
Carper	Gephardt	Manton
Carr	Gibbons	Markey
Chandler	Gilman	Martin (IL)
Chapman	Gingrich	Martin (NY)
Chappell	Gonzalez	Martinez
Clay	Goodling	Mavroules
Clinger	Gordon	Mazzoli
Cobey	Gray (IL)	McCloskey
Coble	Gray (PA)	McDade
Coelho	Green	McGrath
Coleman (MO)	Gregg	McHugh
Coleman (TX)	Guarini	McKernan
Collins	Gunderson	McMillan
Conte	Hall (OH)	Mica
Cooper	Hall, Ralph	Mikulski
Coughlin	Hammerschmidt	Miller (CA)
Courter	Hartnett	Miller (WA)
Coyne	Hatcher	Mineta
Daniel	Hawkins	Mitchell
Darden	Hayes	Moakley
Daschle	Hefner	Mollohan
Davis	Hendon	Monson
de la Garza	Henry	Montgomery
Dellums	Hertel	Moody
Derrick	Hillis	Moore
Morrison (CT)	Rose	Swift
Morrison (WA)	Rostenkowski	Swindall
Mrazek	Rowland (GA)	Synar
Murphy	Roybal	Tallon
Murtha	Russo	Tauzin
Myers	Sabo	Taylor
Natcher	Savage	Thomas (GA)
Neal	Scheuer	Torres
Nichols	Schneider	Torricelli
Oakar	Schroeder	Traficant
Oberstar	Schuette	Udall
Obey	Schulze	Valentine
Olin	Schumer	Vander Jagt
Ortiz	Seiberling	Vento
Owens	Shelby	Visclosky
Panetta	Shuster	Volkmer
Parris	Sikorski	Walgren
Pashayan	Sisisky	Waxman
Pease	Skeen	Weiss
Penny	Slattery	Wheat
Pepper	Slaughter	Whitley
Perkins	Smith (FL)	Whitten
Pickle	Smith (NJ)	Williams
Quillen	Smith, Robert (NH)	Wilson
Rahall	Snowe	Wirth
Rangel	Snyder	Wise
Ray	Solarz	Wolf
Regula	Spence	Wolpe
Reid	Spratt	Wortley
Richardson	St Germain	Wright
Ridge	Staggers	Wyden
Rinaldo	Stark	Wylie
Ritter	Stokes	Yates
Robinson	Stratton	Yatron
Rodino	Studds	Young (AK)
Roe	Sundquist	Young (MO)
Rogers		

NAYS—109

Akaka	Gradison	Nielson
Anderson	Grotberg	Oxley
Archer	Hamilton	Packard
Armey	Hansen	Porter
AuCoin	Heftel	Roberts
Badham	Hiler	Roemer
Bartlett	Holt	Rowland (CT)
Barton	Hopkins	Rudd
Bateman	Hyde	Saxton
Bedell	Ireland	Schaefer
Bereuter	Jacobs	Sensenbrenner
Boulter	Jones (OK)	Sharp
Broomfield	Kasich	Shaw
Brown (CO)	Kemp	Shumway
Burton (IN)	Kramer	Siljander
Chappie	LaFalce	Smith (IA)
Cheney	Lagomarsino	Smith (NE)
Coats	Latta	Smith, Denny (OR)
Combest	Leach (IA)	Smith, Robert (OR)
Craig	Lewis (CA)	Solomon
Crane	Lewis (FL)	Stallings
Crockett	Lightfoot	Stangeland
Dannemeyer	Livingston	Stenholm
Daub	Loeffler	Strang
DeLay	Lowery (CA)	Stump
DeWine	Luken	Sweeney
Dornan (CA)	Mack	Tauke
Dreier	Madigan	Thomas (CA)
Eckert (NY)	Marlenee	Vucanovich
Edwards (OK)	Matsui	Walker
English	McCain	Watkins
Evans (IA)	McCandless	Weber
Fawell	McCollum	Whittaker
Fields	McCurdy	Young (FL)
Gallo	Meyers	Zschau
Gekas	Molinari	
Glickman	Moorhead	

NOT VOTING—27

Addabbo	Lungren	Price
Alexander	McEwen	Pursell
Bilirakis	McKinney	Roth
Carney	Michel	Roukema
Conyers	Miller (OH)	Skelton
Edgar	Nelson	Towns
Fowler	Nowak	Traxler
Fuqua	O'Brien	Weaver
Kolter	Petri	Whitehurst

□ 1350

The Clerk announced the following pair:

On this vote:

Mr. Alexander for, with Mr. Nelson of Florida against.

Mr. BEDELL changed his vote from "yea" to "nay."

Mrs. BENTLEY changed her vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. ROSTENKOWSKI. Mr. Speaker, pursuant to House Resolution 325, I move to take from the Speaker's table the bill (H.R. 1526), to achieve the objectives of the Multi-Fiber Arrangement and to promote the economic recovery of the U.S. textile and apparel industry and its workers, with the Senate amendment thereto, and concur in the Senate amendment.

The clerk read the title of the bill.

The clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

TITLE I—TEXTILE AND APPAREL TRADE ENFORCEMENT

SEC. 101. SHORT TITLE.

This title may be cited as the "Textile and Apparel Trade Enforcement Act of 1985".

SEC. 102. POLICY.

The policy of this title is—

(1) to prevent further disruption of the United States textiles and textile products markets, damage to United States textile and apparel manufacturers, and loss of jobs by United States workers by providing for orderly and nondisruptive growth of imports of textiles and textile products; and

(2) to implement the objectives of the Multi-Fiber Arrangement by requiring the effective enforcement of import levels of textiles and textile products contemplated by the Multi-Fiber Arrangement.

SEC. 103. FINDINGS.

The Congress finds that—

(1) the United States and most major textile producing countries are parties to the Multi-Fiber Arrangement, the purpose of which is to ensure the orderly growth of imports of textiles and textile products and to avoid disruption of the markets for textiles and textile products in importing nations;

(2) the Multi-Fiber Arrangement, which first entered into force on January 1, 1974, and which was most recently extended in December, 1981, through July 1986, contemplates a 6 per centum annual rate of growth for imports for most exporting countries and provides for a lower rate of growth for imports from significant exporting countries;

(3) since 1980, the objective of orderly growth of imports of textiles and textile products provided for in the Multi-Fiber Arrangement has not been achieved; from 1981 through 1984 imports of textiles and textile products into the United States have grown at an annual rate of 19 per centum, far in excess of the 1 per centum growth rate of the United States market for textiles and textile products during the same period and far in excess of the annual rate of import growth of less than 2 per centum that prevailed during the period 1974 through 1980;

(4) the disruptive surge in imports of textiles and textile products which occurred from 1981 through 1984 resulted from the failure of the United States to enforce adequately its rights under the Multi-Fiber Ar-

rangement and to extend coverage of the Multi-Fiber Arrangement to imports made of competing fibers;

(5) import growth of apparel products has substantially outstripped the growth of the domestic market so that import penetration of the domestic market has more than doubled in the last six years, reaching a level of 50 per centum in 1984;

(6) based on a nationwide audit of major retail outlets, the import penetration of such major items of apparel as trousers, blouses, shirts, suits, skirts and sweaters exceeds 50 per centum of domestic consumption;

(7) since the most recent extension of the Multi-Fiber Arrangement, certain exporting countries have sharply increased their exports of textiles and textile products made in whole or in part from fibers not subject to the Multi-Fiber Arrangement with the effect of circumventing restraints agreed to under the Arrangement; the increased imports of these textiles and textile products have caused disruption of the United States market for textiles and textile products and have seriously undercut the effectiveness of the Multi-Fiber Arrangement;

(8) imports of textiles and textile products into the United States are predominantly the product of significant producing countries, with five large producing countries now accounting for more than 50 per centum of all imports of textiles and textile products;

(9) the domination of import trade by producers in the significant producing countries has limited participation in the United States market by other producing countries, many of which share important trade and other national interests, and encourage mutually beneficial trade and investment, with the United States;

(10) a change in United States textile trade policy to afford the smaller producing countries and countries in the Caribbean region a relatively greater share of imports of textiles and textile products would promote the national economic interests of the United States;

(11) the textile and apparel trade deficit of the United States was more than $16,200,000,000 in 1984, an increase of 53 per centum over 1983, and accounted for 13 per centum of the Nation's overall merchandise trade deficit;

(12) the current level of imports of textiles and textile products, ten billion square yard equivalents in 1984, represents over one million job opportunities lost to United States workers;

(13) imported textiles and textile products now account for 38 per centum (the equivalent of three million two hundred thousand bales of cotton) of the annual cotton consumption in the United States; only one of five of the bale equivalents included in imported textiles and textile products is grown in the United States; the result of the massive increases in cotton textile and apparel imports has been a declining market share for, and a $1,000,000,000 loss to, domestic cotton producers in 1983 alone, which was only partially offset by Federal cotton program benefits; another result is that United States cotton producers, who are spending about $20,000,000 annually in research and promotion efforts, have built markets not for themselves but for foreign growers;

(14) imports of wool products have doubled since 1980, creating major disruptions among domestic wool products producers and seriously depressing the price of United States produced raw wool; the Multi-Fiber Arrangement recognizes that imports of certain products, such as wool products, in certain countries, including the United States, pose particular problems for certain industries, such as, the wool products industries in those countries and import growth rates of 1 per centum or less have been permitted in such cases;

(15) as a result of this increased penetration and the very limited growth of the domestic market, the United States companies producing textiles and textile products identical, or similar, to those imported have been seriously damaged, many of them have been forced out of business, many have closed plants or curtailed operations, workers in such companies have lost employment and have been otherwise materially and adversely affected, and serious hardship has been inflicted on hundreds of impacted communities causing a substantial reduction in economic activity and lost revenues to local governments;

(16) the increase in imports and increased import penetration of the United States domestic market have occurred notwithstanding the fact that, through extensive modernization programs and investment in more modern equipment, productivity, as measured by output per man hour, in the textile mill products sector has increased in the last ten years at the average annual rate of 4.2 per centum and in the apparel sector at the average annual rate of 3.4 per centum, as compared with the lower productivity growth of all manufacturing in the same period of 1.9 per centum;

(17) the factors described above are causing serious damage, or the actual threat thereof, to domestic producers of textiles and textile products; as a result, market disruption exists in the United States requiring the new measures established under this Act;

(18) based on experience during the past ten years and on other factors, the growth of the United States market for textiles and textile products is unlikely to exceed an average annual rate of 1 per centum during the next several years;

(19) if the rate of growth of imports of textiles and textile products into the United States that occurred since 1980 continues, plant closings will continue to accelerate, leaving the United States market with reduced domestic competition for imported products;

(20) in order to avoid further market disruption and deterioration of the situation confronting the United States industry producing textiles and textile products, which is already seriously damaged, it is essential—

(A) to require the establishment of import levels for textiles and textile products supplied by major producing countries that reflect—

(i) the import level that would have occurred had imports from these countries grown since 1980 by the 6 per centum annual growth rate contemplated by the Multi-Fiber Arrangement, or 1 per centum in the case of wool products, or

(ii) the actual import level resulting from restraints under a bilateral agreement with the United States providing for an annual import growth rate of less than 6 per centum,

whichever is the lesser,

(B) to require the establishment of import levels for textiles and textile products supplied by producing countries that reflect their 1984 import levels,

(C) to require the establishment of import levels for textiles and textile products supplied by small producing countries that provide a significant increase in their market shares to meet their development needs and to permit future growth in such shares consistent with the Multi-Fiber Arrangement, and

(D) to limit the future growth rate of imports of textiles and textile products into the United States to levels which reflect orderly growth as provided for in the Multi-Fiber Arrangement and the most recent Protocol extending the Multi-Fiber Arrangement;

(21) the establishment of import levels, and limitation on future import growth to levels, that reflect effective enforcement of the Multi-Fiber Arrangement and that also reflect the expected growth rate of the United States market for textiles and textile products will fulfill announced policy objectives of the United States regarding trade in textiles and apparel;

(22) as the Department of Defense has long recognized, a strong, viable and efficient domestic textiles and textile products industry is essential in order to avoid impairment of the national security of the United States;

(23) the developments that have led to the sharp increase in imports of textiles and textile products since 1980 may not have been foreseeable; nevertheless, the rights of the United States under international agreements should have been invoked in order to prevent increased quantities of textiles and textile products from being imported under such conditions as to cause or threaten serious damage to domestic producers of textiles and textile products in the United States; and

(24) the sharp increase in imports of textiles and textile products since 1980, and the effect of this increase on the United States textiles and apparel industry and its workers, constitutes exceptional circumstances within the meaning of the Multi-Fiber Arrangement and its Protocol.

SEC. 104. DEFINITIONS.

For purposes of this title—

(1) The term "textiles and textile products" includes, but is not limited to, all tops, yarns, man-made fibers, piece goods, made-up articles, apparel, and other textile manufactured products (which derive their chief characteristics from their textile components) made in whole or in part from any natural or manmade fiber, or blend thereof, that are classified under schedule 3, part 6 of schedule 6, parts 1 (except subpart A but including item number 700.75), 4, 5 (except subpart E), 7 or 13 (except item number 790.57) of schedule 7, or part 1 of schedule 8 of the Tariff Schedules of the United States, or part 1 of the Appendix to the Tariff Schedules of the United States; such term does not include apparel containing 70 per centum or more by weight of silk except articles classified under item numbers 373.20 and 373.22 of the Tariff Schedules of the United States;

(2) The term "category" means, with respect to textiles and textile products that are the product of a country, each of the following—

(A) each category of textiles and textile products identified by a three-digit textile category number in the Department of Commerce publication "Correlation: Textile and Apparel Categories with Tariff Schedules of the United States Annotated", dated January 1985 and, subsequently, in the first edition of such document that is revised to reflect the adoption by the United States of the Nomenclature Structure of the Harmonized System;

(B) with respect to each country with which the United States has (i) an agreement on the date of enactment of this Title limiting exports of textiles and textile products to the United States that includes specific limitations on subdivisions of a category described in subparagraph (A), or (ii) taken unilateral action to limit products entered under such a subdivision, each such subdivision;

(C) A category consisting of the man-made fiber products not covered by a category described in subparagraph A and classified under subpart E of part 1 of schedule 3 to the Tariff Schedules of the United States; and

(D) each category consisting of each of the following products when, because of fiber content, that product is not subject to the Multi-Fiber Arrangement:

(i) yarn,

(ii) fabric,

(iii) apparel, and

(iv) other textile products;

(3) The term "import sensitive category" means—

(A) a category (other than a category applicable to textiles and textile products that are a product of a country in the Caribbean region) for which the ratio of imports to domestic production, as reported in the Department of Commerce publication "U.S. Production, Imports and Import/Production Ratios for Cotton, Wool and Man-Made Fiber Textiles and Apparel", equals or exceeds 40.0 for the preceding calendar year; and

(B) a category covering wool products;

(4) The term "country" means a foreign country (other than Canada and the Member States of the European Economic Community as constituted on January 1, 1985), a foreign territory, an insular possession of the United States, or any other territory, possession, colony, trusteeship or political entity, whether affiliated with the United States or not, that is outside the customs territory of the United States;

(5) The term "major producing country" means a country the annual aggregate quantity of textiles and textile products of which that entered under the categories referred to in subparagraph (2)(A) of this section during calendar year 1984 equalled or exceeded 10 per centum of all textiles and textile products under such categories that entered from all countries and from Canada and the Member States of the European Economic Community during calendar year 1984;

(6) The term "producing country" means a country (other than a major producing country and a country in the Caribbean region) the annual aggregate quantity of textiles and textile products of which that entered under the categories referred to in subparagraph (2)(A) of this section during calendar year 1984 equalled or exceeded 1.25 per centum of all textiles and textile products under such categories that entered from all countries and from Canada and the Member States of the European Economic Community during calendar year 1984;

(7) The term "small producing country" means a country other than a major producing country and a producing country;

(8) The term "country in the Caribbean region" means the United Mexican States and a country eligible for designation as a beneficiary country under section 212 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702);

(9) The term "wool product" means an article containing over 17 per centum by weight;

(10) The term "cotton, wool and man-made fiber sweaters" means articles classified under categories 345, 445, 446, 645 or 646 as defined in the Department of Commerce publication "Correlation Textile and Apparel Categories with Tariff Schedules of the United States Annotated," dated January 1985;

(11) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States; and

(12) The term "Multi-Fiber Arrangement" means the Arrangement Regarding International Trade in Textiles, as extended by the Protocol done at Geneva, December 22, 1981.

SEC. 105. LIMITS ON TEXTILE AND APPAREL IMPORTS.

(a) CALENDAR YEAR 1985.—Notwithstanding any other provision of law, the aggregate quantity of textiles and textile products classified under a category that is entered during calendar year 1985 shall not exceed—

(1) in the case of textiles and textile products that are a product of a major producing country, other than textile luggage, textile handbags and textile flat goods subject (as of the date of enactment of this title) to a specific limitation under an agreement with a major producing country) the lesser of an amount equal to 101 per centum (A) of the aggregate quantity of such products of such country classified under such category that would have entered during calendar year 1984 if the aggregate quantity of such products of such country classified under such category entered during calendar year 1980 had increased by 6 per centum annually, or 1 per centum annually in the case of a category covering a wool product, during calendar years 1981, 1982, 1983 and 1984, or (B) if the United States has an agreement with such country providing for an annual growth rate for such category of less than 6 per centum, of the aggregate quantity of such products of such country classified under such category that entered during calendar year 1984;

(2) in the case of textile luggage, textile handbags and textile flat goods subject (as of the date of enactment of this title) to specific limitation under an agreement with a major producing country, the specific limitation quantity in effect as of the date of enactment of this title;

(3) in the case of textiles and textile products that are a product of a producing country, an amount equal to the aggregate quantity of (A) such products of such country classified under such category that entered during calendar year 1984, or (B) in the case of textile luggage, textile handbags and textile flat goods subject (as of the date of enactment of this title) to specific limitation under an agreement with an exporting country, the specific limitation quantity in effect as of the date of enactment of this title;

(4) in the case of textiles and textile products that are a product of a small producing country (other than cotton, wool, and man-made fiber sweaters described in paragraph (5)), an amount equal to the sum of (A) the aggregate quantity of such products of such country classified under such category that entered during calendar year 1984, plus (B) an amount equal to (i) 15 per centum of such quantity, in the case of a category that is not an import sensitive category, or (ii) 1 per centum of such quantity, in the case of a category that is an import sensitive category; and

(5) in the case of cotton, wool and man-made fiber sweaters that are—

(A) the product of substantial assembly operations in Guam from otherwise completed knit-to-shape component parts, an aggregate amount equal to 160,000 dozen; and

(B) the product of substantial assembly operations in the Commonwealth of the Northern Mariana Islands from otherwise completed knit-to-shape component parts, an aggregate amount equal to 70,000 dozen.

If application of paragraph (1) would result in the aggregate quantity of textiles and textile products of a major producing country classified under all categories permitted to enter during calendar year 1985 to be less than 70 per centum of the aggregate quantity of such products of such country that entered during calendar year 1984, then, notwithstanding paragraph (1), the aggregate quantity of textiles and textile products of such country that may be entered under each category during calendar year 1985 shall not be less than 40 per centum of the aggregate quantity of such products of such country that entered under such category during calendar year 1984.

(b) GROWTH ADJUSTMENT.—For calendar years after 1985, the aggregate quantity of textiles and textile products classified under each category that may be entered during each such calendar year shall—

(1) in the case of such products that are a product of a major producing country or of a producing country, be increased by an amount equal to 1 per centum of the aggregate quantity that could be entered under such category during the preceding calendar year; and

(2) in the case of such products that are a product of a small producing country, be increased by an amount equal to—

(A) in the case of a category (other than an import sensitive category), 6 per centum of the aggregate quantity that could be entered under that category during the preceding calendar year, and

(B) in the case of an import sensitive category, 1 per centum of the aggregate quantity that could be entered under that category during the preceding calendar year.

If the aggregate quantity that could be entered under a category for a calendar year after 1985 is reduced under section 111(b), then, in the first calendar year in which there is no such reduction, this subsection shall be applied as if there had been no reduction under section 111(b) in previous calendar years.

(c) MINIMUM QUANTITIES.—If, under subsection (a) or (b), the aggregate quantity of textiles and textile products of a country that may be entered during a calendar year under a category is—

(1) less than one million square yard equivalents, in the case of a category covering yarn, fabric, made-ups, and miscellaneous products, other than wool products;

(2) less than seven hundred thousand square yard equivalents, in the case of a category covering apparel, other than wool products apparel; or

(3) less than one hundred thousand square yard equivalents, in the case of a category covering wool products,

then, notwithstanding subsection (a) or (b), the aggregate quantity of textiles and textile products of such country that may be entered under such category during the calendar year shall be one million, seven hundred thousand, or one hundred thousand square yard equivalents, respectively. The amount prescribed in the preceding sentence shall be accorded growth subject to the provisions of subsection (b) beginning the first calendar

year after the aggregate quantity of products of such country entered under such category equals the minimum quantity prescribed under this subsection.

(d) SPECIAL RULE.—For purposes of this section, if during any calendar year after 1984, the aggregate quantity of textiles and textile products that are the product of a small producing country (other than a country in the Caribbean region) and that are entered under the categories referred to in subparagraph 2(A) of section 104 of this title equals or exceeds 1.25 per centum of all textiles and textile products entered under such categories from all countries and from Canada and the Member States of the European Economic Community during such calendar year, then such small producing country shall be considered to be a producing country for all succeeding calendar years.

(e) ENFORCEMENT.—The Secretary of Commerce shall prescribe such regulations governing the entry, or withdrawal from warehouse, for consumption of textiles and textile products as may be necessary to carry out this title.

SEC. 106. IMPORT LICENSING.

In order to ensure the equitable and efficient administration of section 105 of this title, the Secretary of Commerce shall, within six months after the date of enactment of this title, establish and administer an import licensing system under which an importer of any textiles and textile products from any country and from Canada and the Member States of the European Economic Community, will be required to present an import permit as a condition of entry. The Secretary shall charge a fee for import licenses in such amount as may be necessary to cover the cost of administration of the system. The Secretary of the Treasury shall make all determinations regarding classification under the Tariff Schedules of the United States, appraisement, and valuation of products subject to licensing under this section.

SEC. 107. ANNUAL REPORT.

Not later than March 15, 1986, and March 15 of each calendar year thereafter, the President shall submit to the Congress a report on the administration of this title during the preceding calendar year. Such report shall include detailed information about the implementation and operation of the limitations established under section 105. The report shall also include a detailed report by the Department of Commerce on the implementation and enforcement for the provisions of this title exempting from import limitations certain articles of silk apparel, with special regard to the extent to which nonsilk articles, and silk articles not exempt from import limitations, are erroneously or fraudulently classified as silk items exempt from import limitations and are entered under this title. All departments and agencies shall cooperate in preparation of this report as requested by the President.

SEC. 108. REVIEW.

The Secretary of Commerce shall commence ten years after the date of enactment of this title a formal review of the operation of the Textile Import Control Program under the provisions of this title. The Secretary shall consult members and committees of Congress, representatives of the labor unions and the industries affected by the program, the Secretary of the Treasury, and other appropriate government officials. Within six months after the commencement of the study, the Secretary shall submit to Congress his findings as well as his recommendations for the future conduct of the program.

SEC. 109. DUTY FREE ENTRY OF CERTAIN SWEATERS FROM GUAM AND THE NORTHERN MARIANAS.

Subpart A of part 7, schedule 3 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by adding at the end thereof the following new item:

"385.97	Cotton, wool and man-made fiber sweaters that are entitled to enter under the quotas established under section 105(a)(5) of the Textile and Apparel Trade Enforcement Act of 1985 or the increased quotas under section 105(b) of such Act that adjust the quotas under such section 105(a)(5) and that do not contain foreign materials to the value of more than 50 percent of their total value as this standard is applied pursuant to Headnote 3(a) of the General Headnotes and Rules of Interpretation.	Free".

SEC. 110. PRODUCTS OF THE INSULAR POSSESSIONS OF THE UNITED STATES.

(a) GENERAL RULE.—Notwithstanding section 104(4) of this Title, textiles and textile products that are the product of an insular possession of the United States shall not be considered to be products of a country, within the meaning of section 104(4), if such products meet the requirements of subsection (b).

(b) Possession Content.—

(1) Subsection (a) shall apply to an article if—

(A) that article is imported directly from an insular possession of the United States into the customs territory of the United States; and

(B) the sum of (i) the cost or value of the materials produced in such insular possession of the United States or in the customs territory of the United States plus (ii) the direct costs of processing operations performed in such insular possession of the United States is not less than 85 per centum of the appraised value of such article at the time it is entered.

(2) The Secretary of the Treasury shall prescribe such regulations as may be necessary to carry out this section, except that the rules of origin contained in 19 C.F.R. 12.130 shall be the rules of origin for purposes of this section.

(3) As used in this subsection, the phrase "direct costs of processing operations" includes—

(A) all actual labor costs attributable to permanent residents of the insular possession involved in the growth, production, manufacture, or assembly of the specific merchandise, including fringe benefits, on-the-job training and the cost of engineering, supervisory, quality control, and similar personnel; and

(B) dies, molds, tooling, and depreciation on machinery and equipment which are allocable to the specific merchandise.

Such phrase does not include costs which are attributable to non-permanent resident labor, are not directly attributable to the merchandise concerned, or are not costs of manufacturing the product, such as (i) profit, and (ii) general expenses of doing business which are either not allocable to the specific merchandise or are not related to the growth, production, manufacture, or assembly of the merchandise, such as administrative salaries, casualty and liability insurance, advertising, and salesmen's salaries, commissions or expenses.

SEC. 111. EFFECTIVE DATE.

(a) IN GENERAL.—Subject to the provisions of subsection (b), the provisions of this title shall apply to textiles and textile products entered, or withdrawn from warehouse, for consumption on or after the date of enactment of this title.

(b) CALENDAR YEARS 1985 AND 1986.—The Secretary of Commerce shall prescribe by regulation the aggregate quantity, if any, of textiles and textile products that may be entered under section 105 (a) or (c) of this title from each country under each category during the period beginning on the date of enactment of this title and ending December 31, 1985. Notwithstanding subsection (a), to the extent that the aggregate quantity of imports of textiles and textile products of a country entered under a category after December 31, 1984, and before the date of enactment of this title exceeds the quantity permitted entry for such products of such country and such category during calendar year 1985 under subsection 5 (a) or (c) of section 105, then the limit that would otherwise apply under section 105 (b) or (c) for such category for such country for calendar year 1986 shall be reduced by the amount of such excess quantity. If such excess quantity exceeds the limit that would otherwise apply under section 105 (b) or (c) for such category for such country for calendar year 1986 shall be reduced by the amount of such excess quantity. If such excess quantity exceeds the limit that would otherwise apply under section 105(b) for such category for such country for calendar year 1986, then the limit for such category and country for calendar years after 1986 shall be reduced until such excess is accounted for.

TITLE II

SEC. 201. SHORT TITLE

This title may be cited as the "American Footwear Industry Recovery Act of 1985".

SEC. 202. FINDINGS AND PURPOSE.

(a) The Congress finds that—

(1) The domestic nonrubber footwear industry is important to the national economy, and footwear firms are vital to the economic health of small towns throughout the United States.

(2) The domestic nonrubber footwear industry is highly labor intensive, and low capital requirements for entry into footwear production make it a primary target for industrializing or newly industrialized countries. As a consequence, footwear is produced in virtually every footwear consuming country in the world.

(3) Tremendous competitive pressure has been created in the world footwear market in the last decade as a result of rapidly growing production and capacity in numerous developing and developed countries. This development has resulted in the widespread erection of tariff and nontariff barriers by foreign countries designed to protect their domestic footwear industries.

(4) The United States has historically resisted the protectionist trends of other producing nations and has instead maintained a market distinguished by its accessibility. As a result, the United States market has become a focal point for world trade in nonrubber footwear.

(5) The diversion of international trade to the United States market has resulted in serious injury to domestic producers as manifested by—

(A) the loss of 155,000 footwear jobs since 1968,

(B) a decline in domestic production and production capacity, and

(C) the permanent closure of over 500 plants during the same period.

(6) The serious injury to domestic producers poses a significant danger to the industry's supplier base as well.

(7) The domestic nonrubber footwear producers have made a significant commitment to the future of the industry through substantial capital investment.

(8) Since the termination of temporary import relief in 1981, capital investment in the domestic nonrubber footwear industry has declined as the industry struggled to battle the massive surge in imports which increased the percentage share of imported footwear in the United States market from, 51 per centum in 1981 to 77 per centum in 1985.

(9) Without the restriction of import levels, capital investment in this domestic industry will continue to decrease.

(10) The domestic nonrubber footwear industry has thrice been judged by the International Trade Commission, as recently as May 1985, to be seriously injured by imports.

(11) Since the termination of the two, four-year orderly marketing agreements in 1981, the harm to the domestic industry is even more critical than the serious injury which triggered the Commission's unanimous findings in 1976 and 1977.

(12) The domestic nonrubber footwear industry has not been afforded adequate and appropriate relief from imports; therefore, the Congress concludes that—

(A) the administrative process under sections 201, 202, and 203 of the Trade Act of 1974 has proven inadequate; and

(B) in the absence of and effective remedy under such process, legislative relief is essential.

(b)(1) It is the purpose of Congress in enacting this section to—

(A) promote and expand the economic health of the United States nonrubber footwear industry,

(B) preserve the jobs of American workers, and

(C) prevent the further decline of this important domestic industry.

(2) It is declared to be the policy of Congress that access to the United States market for foreign-produced nonrubber footwear should be on an equitable basis to ensure orderly trade in nonrubber footwear, reduce unfair trade in nonrubber footwear, and address United States balance-of-payments problems, of which footwear is the seventh largest component. In order to accomplish these objectives, it is deemed necessary and appropriate to limit imports of nonrubber footwear into the United States market.

SEC. 203. DEFINITIONS.

For purposes of this title—

(1) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

(2) The term "Secretary" means Secretary of Commerce.

(3) The term "nonrubber footwear" means the following categories of nonrubber footwear products, identified by reference to the following item numbers of the Tariff Schedules of the United States (as in effect on January 1, 1985): 700.05 through 700.45; 700.56; 700.72 through 700.83; and 700.95; except alpine (down hill) ski boots and nordic (cross country and jumping) ski boots.

(4) The term "apparent domestic consumption" means, with respect to any 1-year period, the sum of imports plus domestic production less exports.

SEC. 204. QUANTITATIVE LIMITATION ON NONRUBBER FOOTWEAR.

(a)(1) During the 8-year period beginning on the date of enactment of this title, the aggregate number of pairs of nonrubber footwear which may be entered during any 1-year period shall not exceed 60 per centum of the estimated apparent domestic consumption of nonrubber footwear for such period.

(2) The quantitative limitation imposed by paragraph (1) for any 1-year period shall be distributed among the following categories of nonrubber footwear so that the aggregate number of pairs of nonrubber footwear in such category which may be entered during any 1-year period shall not exceed the quantity equal to—

(A) in the case of nonrubber footwear with a customs value that does not exceed $1.25 per pair, 10 per centum of apparent domestic consumption of nonrubber footwear for such period,

(B) in the case of nonrubber footwear with a customs value that exceeds $1.25 per pair but does not exceed $2.50 per pair, 5.4 per centum of apparent domestic consumption of nonrubber footwear for such period, and

(C) in the case of nonrubber footwear with a customs value that exceeds $2.50 per pair, 44.6 per centum of apparent domestic consumption of nonrubber footwear for such period.

(b) Within sixty days after the effective date of this title, and on the first day of the fourth quarter of each 1 year period thereafter, the Secretary shall determine on the basis of the best information available, including his own or independent forecasts, the expected apparent domestic consumption of nonrubber footwear for, in the case of the initial determination, the remainder of the current 1 year period and in the case of the first day of the fourth quarter of each 1-year period thereafter, the next succeeding 1-year period. On each such date, the Secretary shall determine and publish in the Federal Register the allocation for the next succeeding 1 year period of permissible imports of nonrubber footwear as required by this section.

(c) On the first days of the first, second, and third quarters of each 1-year period, the Secretary shall revise the determinations of expected apparent domestic consumption made under subsection (b) for the current 1-year period on the basis of the best information then available and shall make such adjustments in the quantity of nonrubber footwear permitted to be imported under this section as indicated by the revision. All revisions and adjustments made under this subsection shall be published in the Federal Register.

(d) If the revised determination of expected apparent domestic consumption published in the Federal Register under subsection (c) on the first day of the third quarter in any 1 year period for nonrubber footwear varies from the actual apparent domestic consumption of nonrubber footwear for such 1-year period, the Secretary shall publish in the Federal Register on the first day of the second quarter of such succeeding 1-year period a revision to the determination of expected apparent domestic consumption for such 1-year period made under subsection (c) of this section. The revision shall be in the amount of such variance and shall be in addition to any other revision that would be made on any such first day of the second quarter under subsection (c) of this section.

(e)(1) The Secretary and the Secretary of the Treasury shall take such actions within their respective jurisdictions as may be necessary or appropriate to enforce the provisions of this section, including without limitation, the issuance of orders to customs officers to bar entry to merchandise if the entry of such merchandise would cause the limitations established under this section to be exceeded.

(2)(A) The Secretary and the Secretary of the Treasury are each authorized to issue such implementing regulations, including the issuance of import licenses, as may be necessary or appropriate to effect the purposes of this section and to enforce the provisions of this section.

(B) Before prescribing any regulations under subparagraph (A), the Secretary or the Secretary of the Treasury, as the case may be, shall—

(i) consult with interested domestic parties,

(ii) afford an opportunity for such parties to comment on the proposed regulations, and

(iii) consider all such comments before prescribing final regulations.

SEC. 205. COMPENSATION AUTHORITY.

For purposes of section 123 of the Trade Act of 1974 (19 U.S.C. 2133), the imposition of the quantitative limitation under section 204 shall be treated as action taken under section 203 of the Trade Act of 1974 (19 U.S.C. 2253).

TITLE III—COPPER

SEC. 301. SHORT TITLE.

This title may be cited as the "Copper Free Market Restoration Act of 1985".

SEC. 302. FINDINGS, PURPOSE, AND POLICY.

(a) FINDINGS.—The Congress finds that—

(1) the copper industry of the United States is critical to the national defense and the maintenance of a strong economy, but has suffered a substantial economic setback, including a 50 per centum reduction in employment levels, a 25 per centum drop in production, the closure of 16 major mines, and the permanent loss of copper reserves;

(2) the substantial economic setback to the domestic copper industry is attributable to the steep decline in world copper prices that has resulted from—

(A) the continued overproduction of copper by government-owned foreign producers that—

(i) have been encouraged to overproduce by their host governments in order to generate foreign exchange and maintain employment levels, and

(ii) enjoy unfair competitive advantage over United States producers because of subsidized loans from their governments and from international lending institutions, such as the World Bank, and the absence of adequate environmental regulation; and

(B) the overvaluation of the dollar and its impact on domestic copper prices;

(3) the extent of the economic setback to the domestic copper industry was documented in 1984 when the United States International Trade Commission unanimously found that the industry had been injured by foreign competition under the terms of section 201 of the Trade Act of 1974 and recommended that appropriate relief be granted;

(4) while copper producers in the United States have made a substantial commitment to the modernization of the industry, more improvements are needed, and the reinvestment in the United States copper industry that is needed for those improvements is seriously jeopardized by the failure of existing trade statutes to deal effectively with the problem of excess world production; and

(5) a 5-year stabilization of foreign copper production is needed if the domestic copper industry is to attract the necessary capital for reinvestment.

(b) PURPOSE.—The purpose of this title is to—

(1) ensure an adequate supply of domestic copper,

(2) expand employment in the copper industry, and

(3) stabilize foreign copper production at levels that will enable domestic copper producers to make necessary improvements and modernization.

(c) POLICY.—The Congress declares it to be the national policy that the United States must seek to negotiate agreements temporarily limiting copper production by foreign copper producers so that the purposes of this title can be fulfilled.

SEC. 303. DEFINITIONS.

For purposes of this title—

(1) The term "agreement negotiation period" means the 9-month period beginning on the first day of the first calendar month beginning after the date of enactment of this Act.

(2) The term "major copper producing country" means any foreign country whose production of unwrought copper during 1984 exceeded 300,000 metric tons.

(3) The term "significant copper producing country" means any foreign country whose production of unwrought copper during 1984 exceeded 200,000 metric tons but did not exceed 300,000 metric tons.

(4) The term "unwrought copper" means articles provided for in items 612.02 through 612.06 of the Tariff Schedules of the United States.

(5) The term "restraint period" means the 5-year period beginning at the close of the agreement negotiation period.

SEC. 304. NEGOTIATIONS AND ACTION REGARDING AGREEMENTS TO VOLUNTARILY RESTRAIN COPPER PRODUCTION.

(a) NEGOTIATIONS.—

(1) The President, acting through the United States Trade Representative and the Secretary of the Interior, shall undertake negotiations during the agreement negotiation period with all major copper producing countries for the purpose of obtaining voluntary restraint agreements under which the aggregate production of unwrought copper by the major copper producing countries during each 1-year period within the restraint period will not exceed the aggregate production of unwrought copper by those countries during calendar year 1982.

(2) The President, acting through the United States Trade Representative and the Secretary of the Interior, shall undertake negotiations during the agreement negotiation period with all significant copper producing countries for the purpose of obtaining voluntary restraint agreements under which the aggregate production of unwrought copper by the significant copper producing countries during each 1-year period within the restraint period will not exceed the sum of—

(A) the aggregate production of unwrought copper by those countries during calendar year 1984, plus

(B) the estimated growth in demand for unwrought copper for such 1-year period within the restraint period.

(b) REPORTS.—

(1) At the close of each 3-month period within the agreement negotiation period, the President shall submit to the Congress a report on the progress of negotiations conducted under subsection (a). Such report shall—

(A) set forth the terms of any voluntary restraint agreement that has been entered into under subsection (a) during such 3-month period,

(B) contain a summary of the actions taken by the President during such 3-month period to obtain agreements under subsection (a) with each major copper producing country and significant copper producing country that has not entered into such an agreement,

(C) contain a summary of the responses (including counteroffers) made during such 3-month period by each of the countries described in subparagraph (B) to the actions of the President described in subparagraph (B),

(D) include a description of the obstacles and objections encountered by the President during such 3-month period to the achievement of agreements under subsection (a), and

(E) include an assessment of whether each country described in subparagraph (B) is negotiating in good faith.

(2) The final report that is required to be submitted under paragraph (1) shall include—

(A) a determination by the President of whether the agreements entered into under subsection (a) will achieve the purposes of this title, and

(B) recommendations of the President regarding any actions that should be taken against any major copper producing country or significant copper producing country which refuses to enter into a voluntary restraint agreement under subsection (a).

(c) ACTION IF VOLUNTARY RESTRAINT AGREEMENTS TAKE EFFECT.—If voluntary restraint agreements described in subsection (a) take effect between the United States and the major copper producing countries or significant copper producing countries—

(1) the United States Trade Representative, with the cooperation of other appropriate Federal officers, shall monitor the production of unwrought copper by those countries during each 1-year period within the restraint period for the purpose of ascertaining if the terms of the agreements are being complied with during such 1-year period, and

(2) the United States Trade Representative shall, within 30 days after the close of each 1-year period within the restraint period, report to the Congress on the results of the monitoring carried out during such 1-year period.

TITLE IV—FOREIGN LABOR PRACTICES

SEC. 401. REPORTS.

(a)(1) The United States International Trade Commission shall conduct a study of the wage rates, labor costs, and other labor practices of each foreign country which had a surplus in the balance of trade between the United States and such foreign country for calendar year 1984 that exceeded $4,000,000,000. Such study should consider labor practices existing throughout the economy of each of such countries and the labor practices of the industries in each of such countries that were responsible for such balance of trade surplus.

(2) The study conducted under paragraph (1) shall include, with respect to each foreign country described in paragraph (1), analyses of—

(A) the effects of the labor practices of such foreign country studied under paragraph (1) on the competitive position of United States exports in foreign markets and in United States markets,

(B) the relationship between—

(i) the wages and other compensation paid to workers in United States industries producing goods that face substantial competition from products of such foreign country, and

(ii) the wages and other compensation paid to workers in such foreign country who produce such competitive products,

(C) the relationship, if any, between the labor practices of such foreign country studied under paragraph (1) and the cultural, religious, and political practices or values of such foreign country,

(D) the extent to which such labor practices are encouraged or enforced by the government of such foreign country,

(E) the history, duration, and extent of such labor practices, and

(F) the extent to which private or public forces that are anti-competitive encourage such labor practices.

(3) By no later than the date that is 9 months after the date of enactment of this Act, the United States International Trade Commission shall submit a report on the study conducted under paragraph (1) to the Congress, the Secretary of Labor, and the Secretary of Commerce.

(b)(1) The Secretary of Labor and the Secretary of Commerce shall each conduct a separate investigation to—

(A) identify each of the labor practices discussed in the report submitted under subsection (a)(3) that—

(i) is illegal under existing laws of the United States or of any State, or

(ii) should be prohibited by all countries under an international labor law code,

(B) determine what labor principles and rules should be included in an international labor law code, and

(C) determine the issues involved in, and the prospects for achieving, the elimination of labor practices identified under subparagraph (A) through negotiations with foreign countries.

(2) By no later than 3 months after the date on which the report is submitted under subsection (a)(3), the Secretary of Labor and the Secretary of Commerce shall each submit to the Congress a report on the investigation conducted under paragraph (1).

Mr. ROSTENKOWSKI (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. Under the rule, the gentleman from Illinois [Mr. ROSTENKOWSKI] will be recognized for 30 minutes and the gentleman from Illinois [Mr. CRANE] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Illinois [Mr. ROSTENKOWSKI].

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 1562, the bill presently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

□ 1405

Mr. ROSTENKOWSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as you know, the House passed H.R. 1562, the Textile and Apparel Trade Enforcement Act of 1985, on October 10 of this year, after extensive hearings and debate. The bill was then sent to the Senate for its consideration. On November 13, the Senate acted on H.R. 1562, and adopted several amendments prior to its final passage of the legislation. The Senate returned the bill H.R. 1562 with an amendment thereto to the House on November 18. The question now before the House is whether to concur in the Senate amendment in the nature of a substitute to H.R. 1562.

For the information of my colleagues, I will briefly summarize the major changes effected by the Senate amendment. First, with respect to the textile import quota provisions, the Senate amendment establishes three separate categories of foreign supplier countries, instead of the two categories in the House bill. As a result, significant rollbacks in the import quotas for 1985 would be experienced only by the Big Three—Taiwan, Hong Kong, and Korea—rather than the 12 countries targeted by the House bill. The Senate amendment would limit the next nine supplier countries to their 1984 levels. Growth rates for both of these categories would be limited to 1 percent per year—the same as under the House bill. Smaller exporting countries are treated the same under both the House and Senate versions.

The Senate amendment also provides for exemptions of certain products such as toys and dolls, toys for pets, and silk apparel made of at least 70 percent silk. Also, products from the U.S. insular possessions which meet an 85-percent value-added test will not be subject to quota restrictions.

Both the House and Senate versions require an annual report to Congress on the administration of the textile quota program; the Senate amendment further requires that such report include information on the extent to which problems of fraud or circumvention have developed in connection with the silk apparel exemption. The Senate amendment would also require a formal review of the overall textile import control program after a period of 10 years.

In addition to the textile quota provisions, the Senate amendment adds two new titles on footwear imports and copper production. Under title II, global quotas on imports of nonrubber footwear would be set at 60 percent of U.S. domestic consumption for a period of 8 years.

Under title III of the Senate amendment, the President is required to undertake negotiations with all major or significant copper producing countries to limit their production of copper for a period of 5 years. Major copper producing countries would be required to restrict their copper production to their 1982 levels, and significant copper producing countries would be required to restrict their production to 1984 levels with an adjustment allowed for growth in demand. The President is required to report to Congress on the negotiations every 3 months during the 9-month period of negotiation.

Finally, the Senate amendment adds a new title IV to the House bill, which requires the International Trade Commission to complete a study of the wage rates, labor costs, and other labor practices of each foreign country which had a trade surplus with the United States in 1984 over $4 billion. It further requires followup reports by the Secretary of Labor and the Secretary of Commerce on whether such foreign labor practices are illegal under existing law, or should be prohibited or disciplined.

Mr. Speaker, I did not support H.R. 1562 when it was originally before the House, and I similarly do not support the Senate version of H.R. 1562. The reason for my opposition is simple: I do not favor legislated import quotas on a sector-by-sector basis as a substitute for an overall policy of free but fair trade. However, it is clear that this bill enjoys overwhelming support and since the bill's supporters prefer the Senate amendment, I believe it is best to act expeditiously on this matter and send it to the President.

I am greatly disturbed by the numbers of jobs lost in the U.S. textile, apparel, shoe, and copper industries. I am even more disturbed by the inability, or unwillingness, of this administration to address our trade problems in an effective manner. I do not believe, however, that the appropriate answer lies in legislating special relief for each import-plagued industry.

Mr. Speaker, the Committee on Ways and Means has been hard at work during the past several months formulating a comprehensive tax reform bill, which is soon to come before this House. As soon as the Congress reconvenes in January, the committee will turn its attention to trade legislation, and hopefully will report to this body a major trade reform package that will eliminate foreign trade barriers and unfair trading practices, reduce the trade deficit, and assist American workers and communities that have been suffering from the lack of a consistent and responsible trade policy.

Mr. GONZALEZ. Will the chairman yield?

Mr. ROSTENKOWSKI. I yield to the gentleman.

Mr. GONZALEZ. I thank the chairman. I am particularly interested in whatever impact may be here in this version, the Senate amendment, that impact on our trade relations with our two adjacent countries, Mexico and Canada.

Does the chairman have any knowledge as to any specific applicability of this amendment or the bill itself?

Mr. ROSTENKOWSKI. Canada is exempt from the bill, and Mexico, I am told, will be allowed liberal treatment.

Mr. GONZALEZ. I thank the chairman.

Mr. ROSTENKOWSKI. Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Illinois [Mr. CRANE].

Mr. CRANE. Mr. Speaker, I rise in opposition to this legislation. I think the actions taken in the other body have not added in any positive way to what was a negative piece of legislation initially clearing this Chamber.

This legislation is flawed on several counts. First, we have heard a great deal of talk about fairness and jobs, and I think that is a matter of concern to each and every Member in this body. But on the other hand, when one focuses on certain segments of our economy to the exclusion of the potential impact of legislation like this on other segments, we are not grasping the entire picture.

For example, studies have indicated that while we may be saving 71,000 jobs in the textile industry, that could come at the expense of 62,000 jobs in retailing and transportation.

In addition to that, one can most assuredly depend upon retaliation from some of our trading partners, and the retaliation will most likely be directed toward agricultural exports.

Those of us who represent agricultural States know that there are many of our farmers who are strapped, who have not recovered from the recession of 1981 and 1982, and as a result I think we have to show a due deference and consideration for that part of our economy, too.

In addition to that, Mr. Speaker, there is evidence that just the textile provisions alone could come at an estimated cost of $28 billion to consumers. I have not heard a great deal of discussion in the entire debate on this protectionist legislation about the welfare of American consumers.

Beyond that, Mr. Speaker, there are significant treaty violations involved in this legislation.

It is an egregious violation of the multifiber arrangement; it is a violation of the General Agreement on Tariffs and Trade, and 38 other treaty agreements that this country is engaged in.

There is yet another feature that I think is implicit in the application of these protectionist proposals, and that is discrimination against one, well, actually two regions: The Far East and Latin America. And that discrimination comes when the imports into this country, especially from the Far East last year, were actually down marginally. At the same time the legislation exempts the European Economic Community and Canada while their exports into out markets were up over 70 percent in each case.

Finally, Mr. Speaker, it strikes me that we have failed to learn the lessons of history, and would be condemned to repeat it if we started down this primrose path of moving back in the direction of the retrogressive Smoot-Hawley Tariff Act of 1930. While not nearly as outrageous as Smoot-Hawley, this legislation, Mr. Speaker, is a movement back in that direction.

For these reasons I object to the bill and would urge my colleagues to vote against it.

I am happy to yield to my colleague from Texas.

Mr. GONZALEZ. I thank the gentleman for yielding. With respect to Mexico, now I just heard that Canada has been exempted. There are only two nations that are adjacent to the United States.

On the southern border of our country, along the Texas line, we have been suffering a very deep recession, with about 23 percent unemployment.

□ 1415

The Mexican economy continues in a very bad state of affairs. This, or course, impinges and impacts on our side.

Does the gentleman happen to know exactly why we would except, say, Canada and not Mexico? And to what extent, because I notice the gentleman made reference or illusion in a general way to Latin America generally, what impact this measure, if enacted into law, would have on our trade relations with Mexico?

Mr. CRANE. In my estimation, it would be negative, and, as I say, there is a perception in the Far East, and I think a perception that is not totally invalid, a perception amongst some of our Latin American trading partners, including our Mexican neighbors that this legislation is discriminatory and most especially because it does not give them the equal kind of treatment that is enjoyed by our European trading partners and Canadian neighbors to the north.

And I thank the gentleman for his participation.

Mr. Speaker, I yield such time as he may consume to the gentleman from South Carolina [Mr. HARTNETT].

Mr. HARTNETT. Mr. Speaker, I rise in strong support of the legislation and in support of the motion to concur.

Mr. Speaker, in 1984, the surge of foreign textile imports forced approximately 46,000 American textile/apparel workers out of their jobs. As of October of this year, when the House first considered this legislation, approximately 66,000 additional textile/apparel workers had lost their jobs. It is now December and foreign textile imports are continuing to infiltrate our domestic market at record levels. Although the American textile industry has reinvested billions of dollars each year to combat this import swell, the war is obviously being lost. Unfortunately, our largest manufacturing industry is fighting a courageous battle against a foreign competitor that is utilizing unfair government subsidies and incentives. Rest assured that the American textile industry welcomes competition within their industry; however, hundreds of thousands of unemployed textile/apparel workers know too well the results of attempting to compete on an unfair playing field.

The Textile and Apparel Trade Enforcement Act of 1985 (H.R. 1562) recognizes the uniqueness of international trade in the textile industry. As such, H.R. 1562 outlines a means to introduce equity into a domestic industry that has suffered from years of foreign exploitation. This legislation is hardly a case of governmental protectionism which, by definition, enables relatively inefficient domestic producers to compete with foreign producers. As I have mentioned, the American textile industry invites and, in fact, challenges foreign manufacturers to compete in a free-trade environment.

The open-market trade philosophy of the United States has been abused by unjust foreign practices at the expense of individual textile workers and their families. In fact, the tribulations of this proud industry threaten the survival of our entire industrial base. Therefore, I urge my colleagues to show the American textile worker that Congress will not idly stand by while textile jobs are being offered as a sacrifice to an inequitable trade policy. Vote in favor of the Textile and Apparel Trade Enforcement Act of 1985 and offer some incentive to an industry that has already suffered too long.

The SPEAKER pro tempore. The gentleman from Illinois [Mr. CRANE] has consumed 5 minutes, and the gentleman from Florida [Mr. GIBBONS] has consumed 6 minutes.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois [Mr. RUSSO].

Mr. RUSSO. I thank the gentleman.

Mr. Speaker, I have a question of the author of this fine piece of legislation, the gentleman from Georgia [Mr. JENKINS]. I would like to take this opportunity to clarify a point which makes it clear that this bill in no way applies to imported toys. It is my understanding that goods otherwise classifiable under subpart (e), part 5, schedule 7, entering under schedule 8 or the appendix to the Tariff Schedules of the United States would not be covered by the provisions of this bill.

Mr. JENKINS. Mr. Speaker, will the gentleman yield?

Mr. RUSSO. I yield to the gentleman from Georgia.

Mr. JENKINS. I thank the gentleman for yielding

Mr. Speaker, I state to my colleague from Illinois that he is absolutely correct.

Mr. RUSSO. I thank the gentleman for that statement.

Mr. Speaker, I ask for support of this legislation.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina [Mr. HEFNER].

Mr. HEFNER. I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in wholehearted support of the Senate-passed Textile and Apparel Trade Enforcement Act which will not only establish quotas for textile and apparel imports but also for the domestic shoe industry which now suffers a 77-percent concentration of imports in our markets.

Earlier this year, the International Trade Commission unanimously found that imports are harming the domestic footwear industry and recommended to the President that relief be granted. That relief was denied and so Congress has taken action to provide some respite to the tidal wave of imports which threaten to eliminate the textile/apparel and shoe industries in America.

There are other related industries which also suffer from these imports. The cotton industry, for example, has borne the brunt of massive increases in imports over the last 4 years.

Over the last 4 years, U.S. cotton farmers have lost $2.6 billion. The textile/apparel industry has lost $17.5 billion. If this trend continues, the cotton industry estimates the domestic market for cotton will vanish altogether in 5 years.

The retailers would have you believe that consumers will suffer large price increases if imports are restricted. It is just not so. As an example, in 1984, a domestically produced blouse cost $12.11 on average while the imported product cost $12.98. The average price for girls' shorts was $8.82 versus the imported item which cost $9.01.

Our foreign competitors are not dumb. They have successfully dominated our markets by charging lower prices initially and then raising prices drastically once they corner the market. And they pay their workers an hourly wage that is often less than $1.

In addition to providing the safest and healthiest working conditions, good wages and benefits for employees, our industries have also kept up with technological development.

In the last 5 years alone, the U.S. Textile/Apparel Industry has spent $8 billion on the most modern and efficient equipment

available. American cotton producers have spent $20 million annually in research and promotion to increase consumer demand.

Mr. Speaker, the bill adopted by the Senate is a good and reasonable compromise. Fairness and equity demand that our Government take appropriate action to assure a level playing field so that our domestic industries can compete with our foreign competitors whose products are highly subsidized and produced by workers whose wage is substandard.

It is time to send the Textile and Apparel Trade Enforcement Act to the White House and to request the President sign it. I urge my colleagues to support the bill.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina [Mr. NEAL].

Mr. NEAL. I thank the gentleman for yielding time to me.

Mr. Speaker, the administration's economic policies, inflicted on the Nation by President Reagan and his supporters, have wiped out more than 300,000 American textile and apparel jobs. Worse still, almost a million textile jobs may go down the drain unless we do something to reverse these senseless policies.

That's bad news, especially for my home State of North Carolina and the Fifth District. The U.S. textile and apparel industry employs more than 2 million workers. North Carolina has 293,300 of these jobs, but it has lost 39,700 textile jobs since 1980, and 18,400 in the past 12 months.

Mr. Speaker, these jobs are being whittled away almost entirely because of the disastrous economic plan which has come to be known variously as Kemp-Roth, Gramm-Latta, Reaganomics, and supply-side economics. By whatever name, the plan has tied the U.S. textile industry in knots. Here's why:

The administration economic plan has brought annual budget deficits of $200 billion a year and doubled the entire national debt in just 5 years. Interest payments on this debt ($145 billion this year alone) have kept real interest rates very high. That has increased the value of the U.S. dollar in world markets. The over-valued dollar makes foreign imports cheaper in the United States and U.S. goods more expensive in foreign countries.

The result has been a flood of foreign textile imports. They have more than doubled since 1980 and now claim more than half of the U.S. market. Textile jobs have vanished, of course, as this business was being lost to foreign competition.

On top of that, Mr. Speaker, the administration—controlled by the President and his cabinet—has refused to enforce import regulations that would prevent some of this loss of American jobs and business. It has simply turned its back on violations, and has even cut back on the number of Customs Service people who check on imports and enforce the regulations that limit the flow of certain goods into the United States.

Finally, the administration's representatives to world lending agencies have voted, time after time, to use our tax dollars to build up textile and apparel industries in countries that are selling their products in the United States, and in the process are stealing our jobs.

Among the loans they have voted for are: the Philippines, $154.7 million; China, $140.6 million; Colombia, $46.9 million; Bangladesh, $45 million; Pakistan, $40 million; Portugal, $34.7 million; Burma, $29.7 million; Thailand, $15 million; Malawi, $10.8 million; Argentina, $9.5 million; Zambia, $7.6 million; Swaziland, $6.8 million; Zaire, $6.7 million; and Sri Lanka, $0.1 million.

The House-passed bill, which I cosponsored, Mr. Speaker, would have cut back textiles imports by a third, but the President had threatened to veto the House bill because it might upset Red China and some other nations that are dumping textiles and apparel on the United States market.

Mr. Speaker, the compromise bill being considered today, however, is far less restrictive than the House bill, but it would help reverse this policy and prevent further erosion of the textile and apparel industry. Only Hong Kong, Taiwan and South Korea, the three largest exporters of textile and apparel goods, to the United States, would be required to roll back their level of imports.

If this bill is signed by the President or his veto overriden by Congress it will substantially cut back the import share of the U.S. market. That would save tens of thousands of American textile jobs and give the industry badly needed time to recover from the administration's ruinous policies.

Mr. Speaker, I urge my colleagues to give this bill overwhelming support and help convince the President to sign it.

Mr. GIBBONS. Mr. Speaker, I yield 6 minutes to the gentleman from Georgia [Mr. JENKINS], the sponsor of the bill.

Mr. JENKINS. I thank the gentleman for yielding.

Mr. Speaker and my colleagues in the House, first of all I want to take this opportunity to commend my colleagues on both sides of the aisle for your determination and your persistence in gaining the attention of this administration that the problems of trade can no longer be ignored.

I am convinced that your strong stand in support of this bill has been the only reason that has pushed this administration to its embryonic stage of recognition that the American people do not believe in, nor do they support, a policy that forces this Nation to total dependence upon imports. The American people recognize that manufacturing, mining, and farming are critical to our strength and to our future.

I also believe that this bill serves notice on other nations of the world that the prospects for expanded trade opportunities cannot be dependent only upon our marketplace. It must be a two-way street. We must have more than rhetoric when we talk about trade around the world.

For some time we have seen the gradual demise, the gradual deterioration, of our basic industries. This has occurred over the past 4 years and will continue to happen unless this legislative body continues to insist that we are to have reciprocal trade, we are to have fair trade. Otherwise, we will see this Nation become a second-rate nation.

Mr. Speaker, recently the United States Trade Representative indicated to a Senate committee that United States basic industries such as textiles, apparel, footwear are destined to die out of the picture completely. I think this is a sad day when our Government can callously turn its back on 2 million textile workers, to the footwear workers, to the copper mines and their employees, as well as other hard-working Americans in our basic industries who are suffering because of unfair and one-way import competition.

I do not believe that we can afford, as a nation, to sacrifice these industries. I do not believe that we, as a nation, Republicans, Democrats, and Independents, can afford to sit by and watch the gradual deterioration of these basic industries that supply most of our jobs.

I do not believe that we can continue to create wealth in this Nation if we are to depend entirely upon the service sector. I think that manufacturing is critical for the service industry. But I say to you that in the last few weeks, for the first time we have gained some attention from the administration after a long, hard fight. This is not the time to send a signal that we do not mean business. This is not the time to say, "Well, we finally have their attention, so now let's turn our backs and turn it over to them," because if we do that, then the rhetoric will become simply rhetoric and nothing more will be done.

I ask my colleagues today to stand firm, to stand strong, to tell the rest of the nations of the world that if "your culture is such that you cannot buy from other nations," and I know some nations indicate that their culture is such that they must buy their own products and not buy from America or any other nation, then I say to these other nations, "If your culture is such that you cannot afford to fully participate in international trade, that you should be restricted in this marketplace as much as you restrict us and others."

There are others, I note today, that say this is extemely protectionist. Let me try to point out to you and to the American people that if this bill is signed into law, 40 percent of our marketplace in textiles and apparel will continue to be in the hands of foreign

countries. Are we being less generous than the rest of the nations of the world? If this bill passes, 60 percent of all of the footwear that comes into this country, into this American marketplace, will remain foreign-made.

Are we being so greedy in our efforts to provide some help to the American worker? I do not think so.

I have seen the copper mines close, not in my area but throughout the Nation. And if you represent an area that is a high-tech area or that is agriculture, and if you live in an area that is not yet impacted, I say to you that if nothing is done, your time is coming. If you believe that agriculture is not going to be impacted if we make no change in our trade policies, you are sadly mistaken.

This bill has been the only bill that has gained the attention of the world and gained the attention of this administration to such an extent that it is now beginning to at least recognize that there is a problem.

If you want to push forward, if you want to continue to press so that we can get a stable trade policy, then you ought to do so by voting "aye" on this bill.

I say to my colleagues that your encouragement and your strong support of this bill has probably been more meaningful in the field of trade than any other single measure that has come before this Congress or any other Congress in the past 6 years.

Mr. Speaker, I urge support of the bill.

Mr. CRANE. Mr. Speaker, I yield 3 minutes to my distinguished colleague on the Trade Subcommittee, the gentleman from Minnesota [Mr. FRENZEL].

Mr. FRENZEL. Mr. Speaker, last night I put in the RECORD, letters from the U.S. Trade Representative and from the Ambassador of the People's Republic of China, the former describing the administration's position on this bill which is strongly in opposition, and the letter describing the Republic of China's opinion of the bill. The reason for including the letter was there had been some comment that the People's Republic of China had now been placated by this bill. It clearly is not. The STR's letter includes the notice that the U.S. Trade Representative will recommend strongly to the President that the bill be vetoed.

Second, Mr. Speaker, I would like to now introduce into the RECORD a copy of a letter from the U.S. Trade Representative to the President of the American Textile Manufacturers Institute dealing with the questions raised by the gentleman from Georgia about what the U.S. Trade Representative did say about the textile industry. The Ambassador's words are a better defense of his position than what I could make, and I will let them stand for the record.

The text of the letter is as follows:

THE U.S. TRADE REPRESENTATIVE,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, DC, December 2, 1985.

Mr. ELLISON S. MCKISSICK,
President, American Textile Manufacturers Institute, Washington, DC.

DEAR ELLISON: As you know, you and your associates in the "Fiber, Fabric, and Apparel Coalition for Trade" ran a full page ad in the Washington Post a few days ago in support of H.R. 1562, the textile/apparel quota bill. That ad includes the following statement: "U.S. Trade Representative Clayton Yeutter indicated last week that major industries, such as textiles, steel, and footwear, should be phased out of American society." Presumably that "indication" came from my testimony before the Senate Finance Committee and from some of the press accounts of that testimony. One particular story in the print media was especially distortive, as was your ad.

I have re-read every word of the interchange I had with both Senator Packwood and Senator Danforth at the Finance Committee hearing, and I do not believe that any fair minded person would have drawn the conclusion that appears in your ad. For example, Senator Danforth asked me if I believe that textiles is a dying industry, and my answer was "no." I then said: "There are certainly segments, Senator Danforth, of the textile industry that probably cannot be competitive with their counterparts in the Far East, but I certainly would not draw that conclusion for the entire industry by any means." Senator Danforth then queried me as follows: "There might be some residual parts of the textile industry that could survive?" And I responded, "A very substantial residual in my judgment on textiles. Maybe a smaller residual on the apparel side, but as you know, our textile industry is really quite modern and quite efficient."

I also went on to say that I was "optimistic about the long term viability of the American steel industry" and that our footwear industry has a "20 percent market share or so that is really quite solid and will be a niche maintained by U.S. firms for a long time to come."

In addition, your ad uses as its focus an American G.I. allegedly stripped to his bare essentials by the Administration's trade policy. In other words, you are seeking to make the point that our national security will be jeopardized if the textile/apparel bill is not passed. That argument is completely fallacious. I specifically discussed the national security issue during my testimony, and it is irrelevant in any case for textiles and apparel since they are already by far our most protected industries.

Finally, I spent more than three hours with the Board of the American Textile Manufacturers Association about a month ago. You know my views well, and you also know that they were grossly misrepresented in the Washington Post ad. That is your organization's privilege, of course, because we live in a country where free speech is protected until and unless we cross the bounds of libelous conduct. I am thankful for that privilege, and hope that it will ever be maintained. But that does not excuse those who abuse the privilege.

The Administration position is, and always has been, that we should deal with the problems of the textile/apparel industry through effective re-negotiation of the Multifiber Arrangement, coupled with sound administration of the bilateral agreements that are presently in existence or will in the future be negotiated within the framework of the MFA. That is the right answer; H.R. 1562 is the wrong answer, for a whole lot of reasons which you also understand.

Sincerely,

CLAYTON YEUTTER.

We are discussing a bill that the House has already voted on. The House has taken a position in favor of it, one that is a mistake, I believe, and I hope the House today will rectify that error. Very little has changed since we voted on this the last time. The same old deal, except we have added shoes and copper to it. It has been alleged that the quotas imposed are lighter and less restrictive than before. Perhaps they are, but the result is the same. The consumer will be penalized. The jobs that are allegedly saved are still astronomically expensive, ranging from $40,000 per job to $250,000 per job depending on how you keep score. And that extra expense is laid upon the consumer.

In addition, the same people have to be beggared to provide protection for the country's most protected industry. Textiles has the highest rate of duty in the industrialized world in the United States. We have hundreds of quotas, and they are protected by the overall quotas of the Multi-Fiber Agreement. But who has to pay? The consumers have to pay. The retailers have to pay. The farmers whose products are going to be retaliated against have to pay. Anyone else in exports and anyone else in business.

Now we do this to save some States that are down on their luck. I remind you of the unemployment figure in Georgia which is 7.2; North Carolina, 5.6; South Carolina, 6.5. If you want to look at shoe States, take Maine and Massachusetts, Maine at 5.6 and Massachusetts even lower. The people who are asked to pay the bill are Michigan, with 10.3 unemployment; Illinois, with 8.9 unemployment; and Ohio, with 9.3.

I urge the bill be defeated.

Mr. Speaker, today we are considering Senate amendments to H.R. 1562, the Textile and Apparel Trade Enforcement Act, under special procedures designed to spare us a conference with the Senate and allowing the Congress to send the bill to the President as quickly and easily as possible.

Because the Congress appears unwilling to make responsible economic, fiscal, and trade policy decisions we are expecting the President to make the hard choices for us by vetoing this protectionist legislation. By all indications, he plans to do so.

We have this last opportunity today to assume our responsibility and defeat H.R. 1562 as amended by the Senate. Although somewhat more moderate, it is by no means an acceptable piece of legislation. It is neither good economics nor good trade policy. If the House lacks the courage to act in the best interest of all Americans, rather than only the special interests, then I hope that at least one-third of us will sup-

port the President's leadership by voting to sustain his veto of this bill and others that would put our country on a regressive path.

The Senate amendments offer cosmetic improvements in the form of slightly less outrageous rollbacks in overall textile imports from individual countries. However, the Senate version allows deep cuts in particular categories based on the level of each country's aggregate rollback. For example, a "major producing country" that is cut back more than 30 percent in the aggregate would be subject to a maximum reduction in individual categories or 60 percent. However, if a major producing country is not cut back more than 30 percent in the aggregate, the individual category reductions can exceed 60 percent. As a result, Hong Kong is no better off under the Senate amendments than it was under the House version, and category rollbacks of up to 60 percent for Korea and Taiwan would be allowed.

Thus, the generosity of the Senate amendments is not fact. Actually the Senate language is only different, not better. Imports in sensitive categories—in other words, those textile items produced by domestic manufacturers—could be reduced significantly under the Senate version. Growth would be allowed in categories that are less in demand, and the result of this supposedly more moderate approach could be to reduce overall levels of textile imports even further than apparently required under the bill. Even the small exporting countries could be pushed into this trap. The generous Senate version hits the big three suppliers, but allows growth of 6 percent or more for the smaller producing countries. However, in sensitive categories, growth is limited to 1 percent or frozen altogether. Growth must be achieved in categories less in demand or more obscure in definition.

There are a few other interesting aspects to the Senate version of this legislation. According to a recent analysis done by the International Business & Economic Research Corp., Mexico would be allowed a 15-percent growth rate the first year under the new provisions; Brazil would be allowed 9 percent. Proponents claim that China is better off under the Senate amendments, a claim disputed by China's Ambassador to the United States and by the administration. In addition to continuing to protect the exporting and foreign investment interests of U.S. textile manufacturers, the Senate amendments obviously are trying, albeit grudgingly, to respond to the eroding support for this bill.

China has been the most outspoken about retaliation, and the Chinese have retaliated on textile restraints before. Brazil is the largest debtor nation to United States banks. Of course, Mexico is the home for numerous domestic industry assembly operations. Canada and the European Community remain exempt under the Senate amendments. Small exporting countries are allowed, theoretically, about a 10-percent growth rate. Asian countries, especially Hong Kong, Korea, and Taiwan, take the brunt of the cutbacks. Having open markets to United States exports, such as provided by Hong Kong, carries no weight. Our Asian trading partners and allies still believe that discrimination remains a key element of this legislation.

Although the bill, even in its revised form, is a blatant attempt by one special interest to extract from the rest of the American economy costly protection for its industry, it is discriminatory on almost every level. First of all it discriminates against those suppliers in the Far East that have been a major and growing source for U.S. export sales of agriculture and manufactured products. The big three textile suppliers—Hong Kong, Taiwan, and Korea—would sustain substantial cuts of 12, 36, and 29 percent, respectively, although combined imports from these three countries represent only about 18 percent of total United States consumption.

Also, the rates of import growth from these three countries fall far below those of Canada and the European Community, two developed countries untouched by the bill. From January 1984 to January 1985, imports from all of the ASEAN countries increasd by about 14 percent, with Taiwan's increase at about 12 percent and Korea's and Hong Kong's increases at only 5 and 7 percent, respectively. On the other hand, Canada's imports increased by about 25 percent and the EC's a staggering 70 percent. Under the bill, these two developed countries are untouched and could continue their dramatic import increases, possibly filling the orders lost by Far East and Latin American supplies.

When the Trade Subcommittee visited with ASEAN officials on their own territory this past summer, it became clear that this bill was viewed in that part of the world as discriminatory against Asians as a people and as cultures different from the United States. Concern was expressed again and again that the bill hits hardest those developing countries that have politically supported the United States, that have purchased growing levels of U.S. products, and they often have acted as a buffer zone against actual and potential Communist aggression. With Canada and the Europeans excluded from the bill's cutbacks and Mexico treated, more kindly, it was natural that Asians would see bias against Asian peoples and cultures. I believe that the proponents of the bill intended only economic discrimination. However, actual effect as opposed to intent has put an unwholesome taint on this bill.

Another level of discrimination occurs within our own economy. Every analysis done thus far on this legislation demonstrates that the new controls would cost almost as many jobs in businesses that import, transport, and sell foreign textile and apparel products as it might save in the domestic textile-producing industry. Most estimates expect the bill to save about 71,000 jobs in the textile industry while eliminating as many as 62,000 jobs just in the retailing industry. Also, there is a distinct regional tilt in the bill's employment effects. Most of the overall job gains would be in the South. The Midwest and West would experience the highest job losses, primarily in the retailing industry but also in shipping, agriculture, and other exporting industries that are expected to lose sales through direct or indirect retaliation.

Is the bias toward Southern States when measuring the bill's benefits somehow justified by tremendous unemployment levels in textile producing States in the South? The big three textile-producing States of Georgia, North Carolina, and South Carolina all have modest unemployment rates. Georgia has the highest unemployment rate of the three at about 7.2 percent; South Carolina's jobless rate stands at 6.5 percent, and North Carolina's at only 5.6 percent. The national average unemployment rate is about 7.1 percent. The biggest textile-producing State outside the South, New York, has an unemployment rate of only 6.1 percent.

These figures demonstrate that jobs lost in the textile industry are absorbed by other growing industries, even in areas of high textile industry concentration. Further job losses can be expected as the textile industry continues to modernize, but I think it is fair to ask whether the rest of the American economy should be expected to pay what conservative estimates judge to be about $40,000 per job saved by enacting this protectionist legislation?

I want to especially emphasize the discrimination this bill carries against the U.S. exporting sector. It is not surprising that farm groups, shippers, aerospace firms, multinationals, and other industries, whose livelihood in large part depends on exports, have joined in pressing for defeat of this legislation. Some fear direct retaliation, as promised by the People's Republic of China. Others are well aware that, regardless of how affected countries may officially respond should the textile bill be enacted, developing countries cannot buy U.S. exports without foreign exchange. The textile restraints contained in this bill would sharply reduce an important source of foreign exchange earnings for many developing countries.

These countries cannot buy U.S. exports unless they earn money through their own exports or unless they buy on credit, a habit we have taught the world. Unfortunately, in this case, we are the creditors. Although developing countries take over half of total U.S. exports and are by far the largest group indebted to U.S. banks, the textile bill forges ahead in its determination to deprive these countries of the resources necessary to buy American products and repay American loans.

There doesn't have to be official retaliation to have effective retaliation. Korea, Hong Kong, and Taiwan take $14 billion in United States exports. As a group the countries affected by the Senate amendments take $53 billion in U.S. export goods. Thirty-seven percent to all U.S. agriculture exports go to these major textile-producing countries. These sales are seriously threatened by this legislation.

Without any further legislation, the textile and apparel industry is one of the most

protected industries in our economy. High tariffs on textile and apparel products average 22.3 percent while the average tariff for all other industries stands at only 5 percent. These tariffs by themselves more than offset the so-called cheap labor advantage of foreign production. An elaborate system of quotas further insulates this industry from competition. The consumers, especially low-income Americans, pay dearly even without the additional costs of this bill. Protection in the form of both tariffs and quotas already adds at least 15 percent to the cost of textile and apparel products. H.R. 1562, in both the House and the Senate versions, wants the consumer to pay substantially more.

The Council of Economic Advisers estimated that the House version of the bill would cost the American consumer about $14 billion at the wholesale level and $28 billion at the retail level. The Senate amendments, with less drastic import cutbacks, carry a somewhat lower price tag of about $17 billion at the retail level. However, any savings from the Senate amendments on the textile side would be partially, if not wholly, offset by the addition of footwear and copper quotas. In my view, any additional cost is too much given the already significant burden the consumers bear for already highly protected industries.

Before concluding, I feel I must address the footwear and copper provisions of the Senate amendments. These extraneous provisions are typical when legislation protecting one industry begins to move forward in the Congress. Naturally, the footwear and copper industries consider themselves no less deserving of import restraints than the textile industry, as long as the American economy and consumers are being billed for protectionism. It is a perfect example of how protectionism escalates, and the danger such actions pose for our country's economic welfare.

Under the Senate amendments, imports of footwear would be limited to 60 percent of domestic consumption for 8 years. This level of protectionism was rejected by the International Trade Commission [ITC] in the recent section 201 cases. The ITC recommended a range of quotas amounting to about a 40-percent cutback over a 5-year period with 18-percent cuts in imports for the first 2 years and increasing access provided from the third through the fifth year. The President decided in August that shoe import quotas would not be in our national economic interest, would not likely help domestic shoe producers, and would jeopardize many U.S. exports, especially in agriculture.

The Senate amendments are especially egregious because they attempt to guarantee a 40-percent market share for U.S. producers removed from any foreign competition. It is questionable, especially in the early years of the proposed Senate regime, for U.S. firms to meet production levels amounting to 40 percent of overall consumption. Thus, consumption figures would drop sharply and the allowable levels of imports would ratchet down progressively until the lowest level is reached in 1989. Imports would remain at that level through the end of the program in 1993.

Such relief, in the form of a guaranteed market share for domestic producers and progressively tighter quotas, is diametrically opposed to the principle of temporary relief to allow adjustment to import competition. The footwear industry previously was awarded 4 years of relief to adjust to rising imports. The industry has modernized and complemented high-quality domestic production with lower priced import styles. However, the industry seems to want Congress to guarantee their past levels of profits and employment. This has never been the goal of our trade laws and, since Smoot-Hawley was reversed, of our trade policy.

Again, consumers would pay a higher price for both imported and domestically produced footwear. The shoe quotas under this bill are expected to cost the American public $2.3 billion annually as import prices rise by about 12 percent and domestic prices follow. This amounts to a cost of about $70,000 for each job saved or created in the domestic footwear industry. The average annual salary paid to workers in this industry is $14,000. A scarcity of affordable shoes would be created, with the burden of higher prices falling heaviest on low income consumers.

In addition, the U.S. footwear retailing industry employs about 325,000 people; about twice those in the shoe manufacturing sector. It was estimated that about 7,000 retailing jobs would be lost if the ITC recommendation were implemented; countless more could become unemployed under the more restrictive Senate amendments. In the face of huge consumer costs and lost retail jobs, import restrictions are unnecessary as protection for an industry that is basically healthy.

Shoe manufacturing profits from 1980 through 1983 were substantially higher than the average of all U.S. manufacturing. Although still respectable, profits fell somewhat in 1984 as all segments of the shoe industry, including imports, weathered a sharp decline in consumer spending on shoes in the second half of 1984. Profits in 1984 were still within 1 percentage point of the national average for manufacturing. The domestic industry has continued to adjust to import competition by closing obsolete or inefficient plants, expanding technological investment, and producing fewer but higher valued shoes. This is not an industry on the brink of disaster but is becoming more modernized, more automated, and more capital intensive.

The copper industry can find even less justification for protection. The Senate amendments require that restraint levels be negotiated with all copper-producing countries in an effort to insulate a very inefficient industry for years to come. Ore now mined in the United States is of very low grade and will be progressively more costly to mine. Also, the industry is not known for its efficient management or for technologically advanced extraction or production methods. I'm sure there are many industries that could qualify for protection on the same basis as the copper industry, if we want to discard the free enterprise system.

Mr. Speaker, I have focused on the bill's pervasive discrimination. However, this legislation, in either version, also violates our international commitments under GATT and under the Multi-Fiber Arrangement [MFA]. These obligations require us to pay compensation if we act unilaterally to restrict imports, or be subject to retaliation. Furthermore, this bill would undermine our efforts to negotiate an effective renewal of MFA when it expires next June. Perhaps that is what the proponents hope will happen, preferring the assured protection of unilateral quotas. I believe they are taking a gamble that may make us all losers.

The American economy cannot magically become stronger and healthier if we enact bad policy as embodied in this legislation or if we continue to procrastinate on the fiscal deficit. The piper has to be paid, so we might as well make the hard choices today and every day to come.

Mr. Speaker, I urge my colleagues to vote "no" on the Senate amendments to H.R. 1562.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina [Mr. VALENTINE].

Mr. VALENTINE. Mr. Speaker, I rise in strong support of this legislation. This is a vital piece of legislation that will help us do what is necessary to protect the jobs of millions of hard-working Americans.

Without this legislation, we stand to lose up to 1 million job opportunities. We have already lost 200,000 textile jobs since 1980. The reason for this loss is unfair foreign competition.

I realize that there is already legislation on the books to deal with this problem. But that legislation has not stood the test of time. Since it was passed, textile imports have risen by no less than 9 percent annually.

We are all aware of our Nation's giant international trade deficit. In textiles and apparels, we have a deficit that makes up no less than one-seventh of our total trade deficit. This deficit is robbing us of jobs, jeopardizing the livelihood of the 2 million textile workers in America.

In some nations competing with ours, textile workers are paid as little as 20 cents an hour. This shameful fact forces our workers into an utterly demeaning battle against foreign imports. We cannot win that fight without legislation to reform international textile trade.

This bill deals fairly with the world's textile exporters. It deals with them by category, treating them according to the level of their exports to the United States. Only the truly major producers will see their immediate sales fall in our country—and even they will be allowed to increase their sales at regulated rates in the year to come.

The bill excludes the nations that represent no unfair threat to our markets—including Canada and the nations of the European Common Market. It excludes textile products that present no unfair danger to our domestic producers.

We are all opposed to unfair, protectionist legislation. This bill avoids the dangers of protectionist fervor. It deals responsibly with a problem that may cause nearly irreparable harm to American workers. I urge my colleagues to pass this vital and timely bill.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from the Virgin Islands [Mr. DE LUGO].

Mr. DE LUGO. Mr. Speaker, I would just like to set the record straight with regard to provisions in this bill affecting the U.S. insular areas. When H.R. 1562 was considered over in the other body, one of the speakers referred to an agreement on these provisions which had been reached with myself and other territorial Representatives. While I will not presume to speak for the other delegates, I know for a fact that not only did I not agree to the amendments made in the Senate, I was never consulted on their content. What I did do was attempt to enter a dialog with the American Textile Manufacturers Association on a possible compromise on the original proposal. This never amounted to any definitive discussion of provisions for the U.S. insular areas. I did not see the provisions referred to, and certainly did not agree to them.

While I am aware that, particularly under a closed rule, there is no opportunity to affect the amendments made in the other body regarding the U.S. insular areas, I do consider it important to clarify my position on the matter.

Mr. GIBBONS. Mr. Speaker, could I ascertain how much time remains on this side?

The SPEAKER pro tempore. The gentleman from Florida [Mr. GIBBONS] has 17 minutes remaining and the gentleman from Illinois [Mr. CRANE] has 22 minutes remaining.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. DONNELLY].

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Mr. DONNELLY. Mr. Speaker, I rise in support of the motion to agree to the Senate amendments to H.R. 1562.

This legislation will provide much-needed import relief to three industries: Textiles, footwear, and copper. I am particularly pleased that the Senate amendments provide the opportunity to afford relief to the domestic nonrubber footwear industry. The footwear industry has sought relief under existing administrative procedures, but the President denied their petition despite overwhelming evidence that relief was warranted. They have now turned to Congress for assistance and today we have the opportunity to provide it.

The domestic footwear industry has been seriously injured by imports. Imported shoes now constitute 77 percent of the U.S. footwear market, and the domestic industry has declined dramatically in the face of this import avalanche. Domestic production dropped from a peak of 642 million pairs in 1968 to 229 million pairs in 1984, the lowest level since the Depression; 105 shoe factories closed in 1984, and 13,000 workers lost their jobs. Since 1980, 38,000 American shoe workers have lost their jobs.

Earlier this year, seeking relief under the mechanisms of U.S. trade law, the footwear industry filed a petition with the International Trade Commission. On the basis of the overwhelming evidence presented to them, the commissioners found that the domestic footwear industry had suffered substantial injury due to imports, and recommended specific relief. Astonishingly, President Reagan refused to implement the ITC recommendations. Today is our opportunity to ratify the ITC decision, and ensure that our trade laws work for industries that have been injured by imports.

The Senate amendments to H.R. 1562 provide the shoe industry effective, temporary relief consistent with GATT, and it strikes a fair balance between the shoe industry and consumers. During the 8-year period in which imports are restricted, the industry will have the opportunity to implement its plan to reduce costs and improve productivity to become fully competitive with imports. Low-income consumers will be protected by the provision that the lowest priced imports be frozen at their 1984 level, an all-time high of 15.4 percent of the domestic market.

The domestic footwear industry employs 200,000 people in 38 States, primarily in small, rural locations where other jobs are simply not available. We have the opportunity today to send President Reagan the message that we support them, as well as textile and copper workers, in their efforts to compete with foreign imports. I urge my colleagues to support the Senate amendments, and send the President a strong message indeed.

Mr. CRANE. Mr. Speaker, I yield such time as he may consume to the gentleman from Arizona [Mr. KOLBE].

Mr. KOLBE. Mr. Speaker, I rise in support of the copper provisions in this bill. Mr. Speaker, as cochairman of the congressional copper caucus, and the Representative from the largest copper producing district in the United States, I am deeply distressed by the continual deterioration of the U.S. copper industry and the trade problems facing this vital and strategic metal.

The statistics speak for themselves and I will only summarize. The world copper price has fallen from an average of $1.06 per pound in 1980 to 65 cents in 1984. As a result, 18 of the 25 major U.S. copper mines are closed down. Five years ago we produced in Arizona nearly one-fourth of the world's copper. Today, we produce less than one-sixth. Copper prices in 1984 fell to the lowest real dollar level in this century. Our Nation's three largest copper producers together lost almost $1 billion last year.

Thousands of men and women have lost their jobs, and in the process many have been displaced from trades learned over a lifetime. Employment in the industry has dropped from 44,000 workers in 1979 to less than half that amount today.

Simply put, our national copper industry is in serious danger of collapse from the chronic problem of international trade policies.

Copper is more than just an industry that provides jobs or the raw material for cooking kettles. Copper is essential to the national security of the Nation. No ship can go to sea, no plane can fly, and no tank can cross a battlefield without copper. Other than Canada, if we have no copper industry of our own, we must rely on sources that are politically unreliable or at the end of a long supply line—the Philippines, Peru, Chile, Zaire, and Zambia. Once closed irrevocably, our own mines cannot easily resume production—not without months of preparation and a capital investment that no private company will readily undertake.

Meanwhile, foreign copper producers do not practice principles of free and fair trade. They overproduce, they glut the market, they mine and smelt copper with total disregard for the environment, and they undercut U.S. prices. They produce at a loss in order to generate desperately needed dollars to pay their debts and buy goods they need to keep a restless population at bay. We are naive to believe that without incentives those foreign producers will voluntarily respond to free market forces which would bring needed relief to our domestic industry.

Last year the U.S. International Trade Commission made a determination of injury to our copper industry but was divided in its recommendation of action in the form of either imposition of tariffs or quotas on imported copper. The President rejected either course, and as an advocate of fair trade, I respect his concern that such action is an unwarranted intrusion in the marketplace. But then Congress asked the President to consider negotiating with the principal foreign copper-producing countries to conclude voluntary production restraint agreements. The President just 1 month ago rejected this approach.

Now, because of the administration's unwillingness to address a growing trade problem affecting copper, we are voting today on a bill which requires action by the administration. It is not protectionist. It

would not disrupt the marketplace. But, Mr. Speaker, we have repeatedly asked the President to merely seek negotiations for voluntary production restraints. Instead, we have been rebuffed time and again. The time has come for those of us who believe copper deserves attention—not protection, but attention—to cast this vote and send a loud and clear message to the President and foreign copper producers.

Mr. Speaker, I would be less than honest if I said I was truly enamored of this bill. I voted against the textile bill when it was first considered by the House. While marginally better in the Senate version we are considering today, I find the blatantly protectionist features of the bill for textiles and footwear to be offensive. I have not, and will not, support similar protectionist measures for copper.

But as chairman of the copper caucus, I believe the time has come to send a message to the President. And that message is clear: "Mr. President, is it asking too much of our Government to sit down with foreign copper-producing governments to see what can be done to restore worldwide balance in the copper market and to return it to the free-market principles?" That, Mr. Speaker, is all we ask in this bill.

Mr. CRANE. Mr. Speaker, I yield 4 minutes to my distinguished colleague, the gentleman from Pennsylvania [Mr. SCHULZE].

Mr. SCHULZE. I thank the gentleman for yelding this time to me.

Mr. Speaker, I rise in support of the Textile and Apparel Trade Enforcement Act of 1985.

By passing this bill we demonstrate that the United States will take charge of its own economic destiny by confronting those trading partners which abuse agreed-upon rules of open and fair trade. When we negotiate trade agreements, whether they concern textiles, steel, or any other product, we do so in good faith and expect our trading partners to abide by them also. Yet, more often than not, our trading partners violate the spirit and intent of these agreements. They do this not only through circumvention tactics, but also by abusing the flexibility inherent in these agreements to flood our markets with their goods.

Widespread, bipartisan support for this measure will send a strong message to our trading partners. And the message is that countries which rely on our markets for their major export items must lower the high tariffs and the myriad of nontariff barriers which now prevent many of our competitively produced goods and services from entering their markets. The message is also that these countries must halt their practices of dumping and subsidizing the production of goods exported to the United States.

The Governments of South Korea, Taiwan, Brazil, India, and many others have been extremely vocal about the harm the provisions of this bill will inflict on their economies. But, I say to South Korea, "Break down your barriers to our banking, advertising and insurance services. Live up to the terms of the steel agreement between our two countries, adhere to fair and standard practices of protecting intellectual property rights, stop dumping steel products onto our markets and stop counterfeiting. Practice what you preach on textile and apparel trade in other areas of trade between our two countries. We are looking for results—visible results from your actions."

I applaud Taiwan for its recent decision to open its markets to United States exports of cigarettes, beer, and wine by allowing them to be sold in all Taiwanese retail outlets and by guaranteeing that these goods will not be marked up unfairly. These steps are heading in the right direction and I strongly encourage Taiwan to continue in this direction. But Taiwan needs to significantly lower its high tariff rates of 50–75 percent, to remove import bans on certain chemical and meat products and continue to introduce market-opening measures.

I urge, in the strongest terms possible, the countries of Brazil, India, Argentina, Egypt, and Yugoslavia to stop obstructing the objectives of the United States to proceed with a new round of trade talks, which would include services. While GATT is not functioning as well as it should, these countries are undermining it still further. I want these and other countries to know that refusing to negotiate standards and rules of trade in services simply will not be tolerated by the United States. And that is one of the messages of this bill which we will pass today.

Service industries remain one of the most protected sectors in many, if not all, of the textile-producing nations. This must change. According to the Bureau of Labor Statistics, in 1980, 65 percent of Americans were employed in service industries. In 1984, this percentage grew to 73 percent. More important, over the next 10 years, 9 out of 10 jobs created are predicted to be in the service sector. Clearly, our ability to export services is going to be vital to the overall health of our economy.

Countries like Japan, which expect to maintain a sizable share of the United States market for their automobiles and fabric must, in return, open their markets to United States banks and insurance companies. Other countries must do the same.

If the United States does not have the opportunity to increase exports of the goods and services we produce most competitively, then we cannot continue to absorb the growing number of textile and apparel products exported to this country. It is because other nations refuse to lower substantially their tariff and nontariff barriers, trade unfairly, and take advantage of agreed upon rules of trade that, Mr. Speaker, I urge the support of this measure.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentleman from Arizona [Mr. UDALL].

Mr. UDALL. Mr. Speaker, I come to the well today to support the Senate amendments to H.R. 1562, the Textile and Apparel Trade Enforcement Act of 1985, and I urge my colleagues to do likewise.

Earlier this year, I introduced legislation, H.R. 1520, requiring the President to enter into negotiations with the major foreign copper producers with the aim of limiting their production to 1983 levels. If such negotiations proved unsuccessful, the bill provided for a surcharge of 15 cents a pound on all imported copper.

That bill—which was approved by the House Interior Committee—addresses a very serious problem: The overproduction of copper by foreign producers.

Forty percent of the free world's copper production is today government owned and financed. And, as we have discovered, government producers do not respond to the normal laws of supply and demand.

World copper prices declined sharply in 1981 and 1982, but the government-owned copper companies did not cut production, they expanded production. And their expansion was assisted by low-interest loans from international lending institutions, like the World Bank. In addition, these same companies have operated and expanded without the type of environmental regulation and controls that we have in this country.

The results have been dramatic. Last year, copper prices—measured in real dollars—fell to the lowest levels in this century. Our domestic industry has been devastated. During the past 4 years, 18 major mines have closed down. Many will never reopen. Domestic production has fallen by more than 25 percent. Employment in the mining industry has dropped by 50 percent. And the major copper producers last year reported losses of nearly $1 billion.

The copper industry last year filed for relief under section 201 of the Trade Act. The International Trade Commission—by unanimous vote—determined that the domestic copper industry has been injured by imports. And to respond to that unjury, the Commission recommended that the President grant relief in the form of either tariffs or quotas. The President did neither.

Following the announcement of the President's decision, Congress request-

ed that the President consider entering into negotiations with the major foreign copper producers with the aim of limiting their production over the next 3 to 5 years. A few weeks ago, we received the President's answer. And, again, the answer was no.

But in doing so, the President ignored some of the key findings of his own interagency task force. Let me quote from those finding:

"The evolution of the world copper market over the past few years has seriously injured the U.S. copper industry."

"A further shrinkage of U.S. production is likely."

"U.S. production costs * * * on average, compare favorably with the cost of [many] major producers."

The "market behavior of some government owned or controlled enterprises appears to be significantly different from that of private sector firms and to result in the maintenance of higher levels of production when prices are low."

"Copper is classified as a strategic and critical commodity vital to national defense * * *. [More] shutdowns could make the U.S. more dependent on imports from outside North America."

Again let me emphasize, those are not my findings. They are administration findings.

As my old law professors used to say: their "wherefores" and "whereases" don't add up to their "now, therefores."

The amendment, which was offered by Senator DOMENICI and adopted in the Senate, directs the President—acting through the United States Trade Representative—to enter into negotiations with all major (Chile, Zambia, Zaire, Peru, and Canada) and significant (Australia, Mexico, the Philippines, and South Africa) copper producers.

The goal of these negotiations would be an agreement whereby the major foreign producers would agree to limit their production over the next 5 years to the 1982 level. "Significant" foreign producers would be asked to limit their aggregate production to 1984 levels.

The amendment sets up a 9-month negotiating period and requires the President to make progress reports to Congress at 3-month intervals.

This amendment does not go as far as I would like. But it is a necessary first step.

Let me emphasize several points:

The Senate amendment on copper does not impose any tariff or quotas.

The amendment merely requires the administration to negotiate.

This matter has already been reviewed by the House Interior Committee.

The Subcommittee on Mining held hearings on this subject in Washington, Phoenix, and Salt Lake City.

The International Trade Commission has recommended even stronger action.

The President's own interagency task force reported that our domestic copper industry is threatened by excess foreign copper production.

Copper is a critical and strategic material that is vital to our Nations's defense.

The Senate amendment on copper is a moderate response to a serious problem. I urge the adoption of the Senate amendments.

Mr. RAHALL, Mr. Speaker, I rise in support of H.R. 1562, legislation providing much needed relief for important U.S. industries. I support the provisions for textiles and shoes, and, as chairman of the Committee on Interior and Insular Affairs' Subcommittee on Mining and Natural Resources, know first hand the plight of the domestic copper industry.

The price of copper has fallen from $1.01 in 1980 to $0.65 in 1984. Of the 28 major mines, 16 are closed. Employment in the U.S. copper industry has been halved since 1979.

In the face of falling prices, major foreign producers have increased production. They are able to do this, despite the drastic cut in price, because of subsidies received from their governments and from the international lending institutions.

Under the leadership of the distinguished chairman of the Committee on Interior and Insular Affairs, MO UDALL, my subcommittee held a series of hearings on legislation introduced by Chairman UDALL to address this problem. In June, the subcommittee went to Phoenix, AZ, and Salt Lake City, UT, to see first hand the havoc wreaked on the industry by unfair competition. Outside of Salt Lake City, Kennecott's Bingham Pit, formerly the largest open copper pit in the world, lay idle. Labor, industry, and local leaders presented testimony on the need for this legislation.

The copper provisions of H.R. 1562 deal with this problem. They do not mandate tariffs or quotas. The legislation simply directs the President to seek voluntary production restraint agreements with major and significant copper-producing countries. There is also a strong oversight provision, requiring a report to Congress every 3 months as to the status of the negotiations.

The copper industry of this country provides another excellent example of an industry decimated by unchecked, unfair competition. I strongly urge passage of this important legislation to send a message to the world that free trade must be fair trade.

Mr. CRANE. Mr. Speaker, I yield 3 minutes to my distinguished colleague, the gentleman from South Carolina [Mr. CAMPBELL], a member of the Trade Subcommittee.

Mr. CAMPBELL. Mr. Speaker, I rise in support of immediate consideration and passage of H.R. 1562, as amended by the Senate. In terms of the textile and apparel section, this is somewhat similar to the bill that the House passed, although not nearly as broad. Of course, the Senate added shoes and copper.

There are others who can speak to shoes and copper, and have done so very well, but the legislation before us today concedes about 40 percent of the domestic market to imported textiles and apparel. It does set some restrictions on Hong Kong, Taiwan, and Korea, the big three. It gives them the level of imports they should have attained had our international agreements been stringently enforced. But, unfortunately, they were not. Textile and apparel imports from other major exporting nations would be frozen at 1984 levels.

The bill also allows a growth rate of 1 percent for major exporters, and it treats smaller exporters much more generously, allowing a 15-percent increase in 1985 over 1984 for all but the most sensitive categories, and a 6-percent growth rate thereafter.

Now, as we look at this, I think we should recognize what has happened to us. Mr. Speaker, textile and apparel imports for the first 10 months of this year totaled $17.9 billion. That is nearly an 8-percent increase over the same record period in 1984. And in September they were up 17 percent and in October they were up 18 percent. That scares me even more. In square yardage, as well, they were up. Clearly, any argument by the administration or others that there is a textile apparel trade program that is working is spurious.

The arguments in support of this bill have been made before on October 9, but there are some things that were said today and will be said, I am sure, by others, that need to be addressed specifically. Specifically, they say that we did not deal with the EEC or Canada, why did we not put some quotas on them? We do not have bilateral agreements with the EEC in Canada on textiles and apparel. We only dealt where we have bilaterals. So that argument is not a valid one. They do not restrict us and we do not restrict them. That is what we are arguing for from all the rest of this world: "Do not restrict us, let's trade with you and we will trade openly."

That is the reason you do not find some of these countries in the bill. I think we should look at the ones in the bill. They do restrict us. They block our products, they keep us from trading openly with them. So I think that it is ridiculous for us to pursue the path that we are on.

There is ample evidence, also, that savings from imports are not passed along to consumers. There have been a number of studies that show less than a 3-percent differential in price. Now, that is a valid argument that has been made on this floor. There is an argument that we should have free trade.

We do not have free trade. We have a system of trade in the world in the General Agreements on Tariff and

Trade and the MFA that deals with textiles and apparel, because we recognized it was treated differently. The EEC restricted imports, and they are a member of the MFA. So do not talk about violations of MFA. Nobody did anything to them. So the free trade theory is not a valid argument.

Mr. Speaker, I urge the Members to vote for the passage of this legislation.

What H.R. 1562 seeks to do is insist legislatively on vigorous enforcement of our trade laws; to insist that the needs of American workers and American industry be given the same attention by our own Government as foreign policy implications are; to insist, in short, that the United States not remain the world's international trade "patsy," heeding the siren song of free trade while other nations take the steps necessary to preserve their basic industries. We must have a policy of mutual trade and it must be fair.

Mr. Speaker, this is a responsible piece of legislation that deserves support. The administration has promised again and again to deal with the problem. It has tried, but it has not succeeded. It is time for Congress to step in and reclaim its constitutional authority over this trade issue and tell the executive branch, in no uncertain terms, that we will not condone by inaction the loss of our basic manufacturing base.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentleman from Washington [Mr. BONKER].

Mr. BONKER. I thank the distinguished chairman for yielding.

Mr. Speaker, the textile and apparel provisions of the Senate amendment are an improvement over the House-passed version of H.R. 1562, but they are still unacceptable.

I oppose this measure for three reasons:

First, we definitely risk undermining the world trading system by enactment of this bill. H.R. 1562 violates our international obligations under ACT and under GATT and it also violates our agreement with the multifiber arrangement to which we are a signatory Nation.

If we expect others to adhere to international agreements and set higher standards in trade relations, this is a very poor example to be setting.

Second, we risk retaliation from those countries that are possibly affected.

China has demonstrated in the past, as it will in the future, that it will not hesitate to link these restrictions to their purchase of United States goods. And I would remind my colleagues that China has embarked upon a very ambitious program of buying technology. Some $8 billion of United States technology has flowed into the PRC, and much of that would be threatened if they retaliate as a result of this bill being enacted.

Third, I think that we ought to be mindful that the political leadership in both parties in both bodies have really worked toward a bipartisan approach to dealing with our trade problems in bringing down the trade deficit.

Both sides have developed a comprehensive approach known as a generic bill that would help to expand our trade opportunities and ensure free trading practices among all the nations.

□ 1445

Mr. Speaker, I urge my colleagues to oppose H.R. 1562. If this measure is enacted and signed into law, I fear it may be the opening shot in a trade war that no one can win.

Mr. CRANE. Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina [Mr. BROYHILL].

Mr. BROYHILL. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise today in strong support of the Senate-passed version of H.R. 1562, the Textile and Apparel Trade Enforcement Act of 1985. This legislation has been amended by the Senate to reflect several substantive changes which alleviate concerns raised by numerous House and Senate supporters of the bill.

However, these changes do not alter the intention of the bill which is to restore order and fairness to world textile and apparel trade by enforcing the objectives of the Multi-Fiber Arrangement. The MFA seeks to allow lesser developed nations access to the markets of the world's more developed nations. It was never intended to allow underdeveloped nations to take undue advantage of their benefactors. Yet, textile exports to the United States have averaged a 19-percent annual growth rate since 1980—a trend which cannot continue.

The European Community and Japan do not experience our problems. Japan, with its very dense population, has a tough quota arrangement. The European Community reduced its textile imports several years ago and is maintining its global quota approach with much success.

The United States is the world's most open market and our adherence to that principle has helped our economy in many ways. But in the process of espousing open markets, the United States has ignored the fact that while our Nation has accepted its responsibilities as a major trading partner, our trading partners have not.

These countries have failed to recognize that with the benefits of trade also come the duties. They have failed to open their markets, to prosecute intellectual property violations, to stop dumping, and to end targeting and subsidies. In some cases, they have taken steps that encourage counterfeiting, customs fraud, trade agreement violations, and import surges.

We all know the unfortunate effects of these practices—lost jobs, closed plants, a huge and growing trade deficit, and outflow of U.S. investments.

Yet our trade laws and agreements, which are intended to respond to these practices, have been unable to do so. The laws are unclear, the enforcement is often confused, delays are endless, and remedies, if they come at all, are often too little and too late.

Job losses in the American fiber, textile, and apparel industries have topped 300,000 in the past 5 years. Footwear imports have robbed an additional 38,000 Americans of their jobs while copper imports displaced an additional 18,000 Americans. Contrary to some popular beliefs, the majority of these individuals cannot secure other employment. Many of these individuals live in communities where the local manufacturing facility is the only meaningful provider of jobs in the community. When the mill closes down, so does the community.

America is a rich and strong Nation today, but it cannot remain so if the jobs of hardworking American citizens continue to be exported overseas.

The changes in H.R. 1562, as accepted by the Senate, concede an import penetration level of 42 percent of the U.S. market. As you may recall, the House-passed version of the bill conceded 38 percent of our markets. In my opinion, 42 percent is rather generous for a bill which has been labeled "protectionist."

If this legislation is enacted, U.S. Government revenues are expected to increase substantially. American workers, able to keep their jobs, will be paying increased income and sales taxes. Corporations will be paying additional taxes on the increased production in the United States. Government expenditures to hundreds of thousands of textile workers will be reduced as those individuals return to gainful employment and no longer require Government support.

As for the fear expressed by some in this body that other nations will retaliate should the bill be enacted—I feel this argument has been overblown. Our trading partners either need our exports or they do not. Look at the case of China. China has become a formidable exporter of cotton and should be self-sufficient in wheat in a few short years. Why should they buy our cotton and wheat when they have their own supplies?

We cannot allow other nations to bully us into keeping our markets vulnerable. When they accept their responsibilities as major trading partners, when they open their markets to U.S. productions, and when they stop dumping goods in the United States

and targeting U.S. industries, then we can talk about free trade.

Additionally, as for the fears expressed by some of my distinguished colleagues that consumer prices will soar, I wish to reiterate: The complete absence of a viable U.S. textile and apparel industry will be a price-gouging heyday for our international competitors. Witness Japan's overnight imposition of a $1 per yard price hike on velveteen the moment the United States lost its last vestige of a meaningful market in velveteen—to imports of course. Witness the retail community scapegoating the U.S. Customs country of origin ruling for price increases in textiles and apparel that occurred on merchandise received before the rules were announced, much less enacted over a year ago.

I question the cause-and-effect rationale of the consumer price argument. I contend that retailers are benefiting solely through large markups on imported goods. Certainly, the exploited Third World workers are not seeing the profits—certainly, the displaced American workers are not coming out ahead—clearly, the American consumer loses either way.

We accept the fact that it is incumbent upon the United States as a world leader to accept a share of the world textile and apparel trade. However, the United States is currently absorbing an astounding 60 percent of the world's textile and apparel shipments. Using any measure, this is excessive and is harming our competitive and productive American textile industry. Fair is fair.

I urge my colleagues to support this modest and necessary piece of legislation.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from Arkansas [Mr. ALEXANDER].

Mr. ALEXANDER. I thank the gentleman for yielding time to me.

Mr. Speaker, the bill before us today represents an important first step in resolving America's trade problems. The Trade and Apparel Enforcement Act would require the President to comply with existing trade agreements on textiles and to follow the recommendations of the International Trade Commission under section 201 of the Trade Act on the footwear industry. It is straightforward and I support it.

America's industries are buckling under the weight of a $150 billion trade deficit brought about by the extreme overvalue of the dollar. This high dollar, combined with the unfair trading practices of many of our international competitors, are crippling American companies. These problems will continue—and worsen—until Congress provides the leadership that the administration lacks. Today, the greatest obstacle to solving the trade crisis is the lack of Presidential leadership.

The textile and footwear industries are particularly poignant examples of what American businesses and workers are facing and will continue to face until Congress assures that existing trade policies are enforced. As textile imports have mushroomed, U.S. workers have found themselves out of jobs. A direct correlation exists between an increased market share for foreign imports and a decreased number of American jobs. The number of U.S. workers in the textile and apparel industry shrank by 18 percent from 1978 to 1984, from 2.23 million to 1.87 million, due to foreign takeover of the U.S. textile market.

The same crisis is occurring at this very moment in the footwear industry. Imports account for 70 percent of the domestic footwear market. This import influx meant that in 1984 alone, 105 American footwear factories closed down and 14,500 Americans lost their jobs.

Last year, in my hometown of Osceola, AR, two textile manufacturing firms closed down because they could no longer compete with cheap subsidized foreign imports; 1,000 of my fellow townsmen lost their jobs, not because they were inefficient, but because our trade deficit subsidizes imports.

Laws already exist to assist workers who face unfair competition from imports. However, the President has chosen to disregard these laws. He is totally oblivious to the pleas of American workers who simply want their President to implement existing treaties and follow the recommendations of his agencies.

The Multi-Fiber Agreement negotiated among major textile producing nations contains provisions which call for, and I quote, "The orderly and equitable development of trade to avoid disruptive effects in individual markets."

The ITC recommended that the President impose global quotas on footwear imports. The quotas they recommended would have limited import penetration to approximately 60 percent which is the same amount included in this legislation. In light of the President's inaction on ITC recommendations for the footwear industry and his noncompliance with the terms of the Multi-Fiber Agreement, I believe that Congress has the responsibility to assure workers their rights.

The United States needs to preserve a strong economic base and keep American jobs if we are to have a healthy economy and contribute to worldwide economic growth.

We must stop the erosion of our Nation's economic foundations. The U.S. external debt is expected to reach $1 trillion by 1990. That's another trillion dollar milestone for this administration. More jobs will be lost and more businesses will be boarded up and factory gates locked shut as a result of debilitating foreign competition.

The American people know about the crippling effect of the trade deficit. In a recent poll, 60 percent of Americans called the trade deficit a very serious national problem. Isn't it time that the administration heed the wisdom of the American people and recognize the devastating impact of the trade deficit?

Instead, the administration's trade policy means a free ride into our markets for imports, while American industry and workers pay the costs both here and abroad in terms of lost jobs and lost markets. Americans are deeply concerned about our ability to compete fairly, not only abroad but also at home.

We are willing to keep our markets open to foreign competition, but we have a responsibility to nurture the vitality of our industries and the share they have of the American market for their products. However, we must make clear that our bottom line is that while we want foreign competition; we want it on a fair basis. Companies and workers recognize their responsibility to remain competitive. The footwear industry has promised that it will reduce the gap between U.S. wholesale footwear prices and foreign prices, leading to lower prices for consumers and more jobs. But the American competitive edge is blunted when our international competitors close their markets to our goods and services.

The American people demand strong leadership for fair trade. We are here today to provide that leadership and assure that American businesses and workers get a fair break at home and abroad. Fair trade can only be achieved if we have a level playing field where everyone competes equally.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. SCHEUER].

Mr. SCHEUER. I thank the gentleman for yielding to me.

Mr. Speaker, I rise in reluctant support of this bill.

Mr. Speaker, I reluctantly join a majority of my colleagues today in voting for the Textile and Apparel Trade Enforcement Act of 1985.

Today's vote will not be recognized in the annals of congressional history as a noble moment. I still have serious reservations about my vote and the decision by the House Representatives to turn away from the free trade policies which in other times have served our Nation well. We all realize the devastating snowball effect of the Smoot-Hawley Tariff Act of 1930, which triggered a worldwide depression.

But I am a realist and I am convinced that we have to send a strong message to Japan and our other trading partners that the United States favors fair trade, but that fair trade is a two-way street.

We can no longer tolerate the protectionism being practiced by many of our trading partners. I hope this vote will place those nations on record that they must dismantle the maze of barriers, tariff and nontariff alike, they have erected to thwart the sale of American products within their borders.

If the Japanese and our other major trading partners want to sell their tex-

tiles, telecommunications, computer products, and scores of other other goods as our laws allow, in all fairness they should provide similar access for American products to their markets. As we all know, this is not the case today.

Anyone who visits Tokyo will soon notice the absence of American cars on that city's streets. Certainly one can buy an American car in Tokyo, but few can afford it because of the tremendous increase in cost resulting from outrageously burdensome import regulations. In the United States, we accept the Japanese auto manufacturers' self-certification that their cars comply with United States safety and air pollution standards. However, in Japan, each and every American-made car is subjected to a lengthy and costly inspection.

Other examples abound. Our bilateral trade deficit with Japan stood at $10.4 billion in 1980. Last year, our trade deficit with Japan was $36 billion, and it is expected to reach $50 billion this year. Clearly, a major cause of this deficit is protectionism practiced by Japan.

In effect, we as a nation are expressing a national consensus through this legislation that each of our trading partners must cooperate with us in seizing the nettle and taking the necessary steps to reduce these trade imbalances. We have been negotiating with the Japanese for years in a frustrating attempt to remove barriers for a myriad number of our goods with precious little success. We need to see progress, we need to see results and we need to see the light at the end of the tunnel. Only the Japanese and our other trading partners know how to dismantle their respective barriers to American products. They built them up and they can knock them down.

The best way to reduce our trade deficit and improve the worldwide economy would be a relaxation of import restrictions and a reduction of tariffs across the globe. Many American products are quality products that compare favorably with products manufactured anywhere. Some of our products that are not competitive must be upgraded and I am confident that they will improve and that they would be competitive in a free trade environment.

Unfortunately, such an ideal world trade environment does not exist.

For the time being, we must make it clear that we're not going to take it on the chin any more. For this reason, I will cast my vote reluctantly for H.R. 1562. I hope it will be the last time I must vote for such a measure. None of us favor protectionism, but we realize it's high time we insist that other nations begin to trade fairly with the United States.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentleman from South Carolina [Mr. SPRATT].

Mr. SPRATT. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in strong support of H.R. 1562. Opponents say this bill is protectionist but that only begs the question. What is it the bill protects? It protects over 2 million men and women, textile and apparel workers, nearly half of whom, rather a third of whom are minorities, mostly black, constituting 1 in 8 of all manufacturing workers in this country.

Data Resources Inc. has drawn a picture of the future they face if we do nothing; if we allow the textile apparel imports to continue increasing at this rate of 19.8 percent that Mr. BROYHILL has just laid out, as they have for the last 5 years. DRI has concluded that if this rate of import growth continues for the next 5 to 10 years, then half of these textile apparel jobs will disappear and another 900,000 jobs in the industries that supply and support the textile and apparel industry will also be lost.

Just today I sent to the White House a package of letters from textile workers in my district and I read those letters before I sent them. Do you know what they say? They do not ask for protection for enormous wages or for fat fringe benefit packages; all they ask for is the right in their own way in our society. That is what we are seeking to protect in this bill, and I do not think we need to make any apology for it.

Now opponents tell us that if this bill is adopted the retail price of clothing is going to go up and it will go up steeply. But this is pure speculation. I have heard this argument in the previous debate. The number started at $8 billion price inflation; by the time the debate was over, someone was saying $28 billion. Nobody has offered any proof, any models to support this. These are the facts.

There are 15,000 firms in the basic apparel industry; 5,000 firms in the basic textile industry. Not one of them has more than 5 percent of the market. During the 1970's, a period of rampant inflation in this country, price inflation in the textile apparel industry was half that. Half that to the rest of American industry. That is why this argument about price inflation is not just absurd, it is comical. It will not happen because there is vigorous competition built into the domestic industry, and there will remain vigorous competition with imports, because even after this bill they will have 40 to 50 percent of the apparel market and 15 to 20 percent of the basic textile market.

Mr. CRANE. Mr. Speaker, will the Chair please tell me how much time I have remaining.

The SPEAKER pro tempore. The gentleman from Illinois [Mr. CRANE] has 13 minutes remaining and the gentleman from Florida [Mr. GIBBONS] has 9 minutes remaining.

Mr. CRANE. I thank the Chair.

Mr. Speaker, I yield 3 minutes to the distinguished gentlewoman from Maine [Ms. SNOWE].

Ms. SNOWE. I thank the gentleman for yielding me this time.

Mr. Speaker, I represent the largest shoe producing district in the Nation. I have thus risen before the House many times to speak about the problems of America's footwear industry.

But today, Mr. Speaker, today really is the last day to speak on behalf of the shoe industry. We will leave here today having voted either to give the industry a fighting chance to compete once again or we will have voted to endorse the death of a basic industry.

The shoe industry has not arrived at this crisis point by mere chance. A combination of the policies of other nations and neglect by ours has pushed the American shoe industry toward extinction.

For these reasons, I would suggest that Members look first and foremost at the fact that the United States, with the lone exception of Hong Kong, is the only open market for shoes in the world. No other nation in the world opens its borders as wide for as many imports as does the United States.

Taiwan, for example, has footwear tariffs higher than any other major shoe-producing nation—upward of 40 percent. Brazil doesn't allow any shoe imports. Japan only allows in 1 million pairs annually.

The United States, by enormous contrast, allows in a million pairs every 12 hours, making an annual total of over 750 million shoes.

And, because we are such an open market, low wage countries—countries like Brazil, Taiwan, and Korea target almost two-thirds of their production for export to the United States.

It is small wonder, then, that the amount of shoes entering this Nation has increased by 25 percent each year for the past 4 years. This chart shows exactly what has happened since the limited Orderly Marketing Agreements on shoes expired in 1981. Imports are soaring, while domestic production gradually erodes.

It is small wonder as well that the Nation with the only significant open market for shoes is experiencing enormous economic and human dislocation in its footwear industry. More than 23 factories have closed down in the brief 3 months since President Reagan rejected the industry's relief petition. In my own State of Maine, over 4,000 shoeworkers have lost their jobs and over 30 shoe companies have had to shut down in the last year alone.

So, in the face of such overwhelming odds, what did the shoe industry do? They did exactly what they were supposed to do: they sought relief under the trade laws of the United States; laws designed to address extreme surges in imports; laws which are perfectly legitimate and routinely invoked by other countries under the GATT.

After a year's effort, it seemed as if this process had worked. This past July, a near unanimous decision by the International Trade Commission proposed to limit imports of shoes to 60 percent of the domestic market.

But, at this crucial point, with relief in sight, the process failed, and it is this breakdown that I want you to focus on.

Having gone through the process, and having had its position upheld by the ITC, the shoe industry suddenly found itself denounced as being protectionist.

For having gone through the process, they were accused of stifling supposedly free and open trade.

Despite having followed the prescribed route, the shoe industry saw its relief petition rejected outright by the President.

Now, if this relief process could not work for the footwear industry, which is experiencing 80 percent import penetration, who could it possibly be intended for?

Well, I have here in hand the Republican trade reform plan, the Democratic trade reform plan, even the package from the other body. At the heart of each one is a proposal to cutback the President's discretion on trade relief once the ITC has recommended positive action. Under these packages, the shoe industry would easily have won relief.

These reform proposals are designed to put some teeth into our trade laws—and that is precisely what this vote is all about today. This vote shows, as the reform packages urge, that we are intent on restoring an effective enforcement mechanism to American trade laws. You don't have to wait for a chance to strengthen trade relief in the U.S. trade laws, you can do it on this vote.

But if you are not willing to support the footwear industry now, I would suggest that future pronouncements on trade reform will ring hollow. There will be no point to reform, since a nay vote today will show that the Congress will say anything, but do nothing, on trade issues.

We must show today that if other countries restrict imports, and target our country for dumping of their goods, then we will in fact take the action permitted under our own trade laws and under the GATT.

There can be no substitute for action today. This is the day to begin reform of our trade policies. This is our opportunity to return a measure of enforcement and basic fairness to our trade laws.

I therefore urge my colleagues to support this measure today. Give American shoe workers and manufacturers and workers a fighting chance to survive.

□ 1455

Mr. CRANE. Mr. Speaker, I yield 2 minutes to our other distinguished colleague from Maine, the gentleman from the great State of Maine [Mr. McKERNAN].

Mr. McKERNAN. Mr. Speaker, looking at this chart reminds me of the line on the tombstone which read, "I told you I was sick." If we do not do something to try to help the shoe industry, the shoe industry in this country is also going to be dead.

We have spoken on this issue of textiles in the past by a significant vote. The issue here today is on the question of the Senate amendments and whether we are going to give the same kind of relief to other industries that are in dire straits.

If we believe in our trade laws, if we believe that we ought to be giving relief from rising imports, then we should be for this particular legislation.

The International Trade Commission unanimously, after researching the subject, recommended that relief be given to this industry. Why? Because they saw the way imports were swamping our market, going from 50 percent in 1981 to almost 80 percent of our market today. The ITC knew that we needed time for the industry to modernize and we needed time to open up new markets so in fact, we could compete under a free-trade rubric.

We have heard a lot about the imports, and we have heard a lot about the fact that we have almost 80-percent penetration. But look at the numbers. That is 750 million pairs of shoes every year that come into this country. How many do we export? We export 9 million pairs of shoes every year.

We need time to open up new markets. We need time to enforce our trade laws and give this industry some time so it will be able to compete.

Many of us in this House have said that we need to enforce our trade laws and we need more administrative remedies and not leave these decisions to the political whims of a particular time.

There are 129 cosponsors of the Republican measure to do this, and there are over 100 cosponsors of the Democratic alternative which also says we ought to do more to take trade relief out of politics.

Mr. Speaker, I ask the Members to please support our trade laws and please support giving some relief to men and women in this country who are adversely affected by imports. I ask the Members to support this legislation.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentleman from Alabama [Mr. NICHOLS].

Mr. NICHOLS. Mr. Speaker, today, this body will act for a final time on the Textile and Apparel Trade Enforcement Act of 1985 before it goes to the President for his signature or veto.

The case for the necessity of this bill has been clearly presented during previous debates. The issue is really quite simple. Do we want to keep hundreds of thousands of jobs in the textile-apparel industry in America, or do we wish to see these jobs continue to be exported to the countries of Southeast Asia?

The second issue in the debate over the textile bill addresses the very strength of our Nation itself. During the past few decades we have seen America's industrial base continue to shrink due to the loss of important industries such as steel, shoes, electronics, and the list goes on and on. The textile-apparel industry is the largest sector of our industrial base left, and if the legislation before us does not become law, it is only a matter of time before we lose this industry also. Is this what we really want?

Mr. Speaker, I would like to add a few comments from several leading textile executives from my congressional district who have worked very closely with me, and other Members of Congress, in shaping the bill before us today.

From my hometown of Sylacauga, AL, a 53-year veteran of the textile industry Donald Comer of Avondale Mills says, "there is no way this Nation can prosper or maintain our independence, if we continue to allow the unfair liquidation of our manufacturing facilities that are necessary to our way of life."

"If the President vetos this bill, then he has effectively taken away the incentive for the domestic textile and apparel industry to reinvest in their companies. If the Government is not willing to support industry, then it is hard to justify re-investment, because there is no confidence that our Government is willing to rectify a situation that is already out of control," says Gene Qwaltney, chariman and CEO for Russell Corp. in Alexander City, AL.

Mr. J.L. Lanier, Jr. of Westpoint Pepperell in Lanett, AL, presented to President Reagan a petition signed by more than 17,000 employees and more than 10,000 personal letters from employees asking the President to support the textile bill and save their jobs. Mr. Lanier would later say, "If we don't get this legislation, then I see only three alternatives. Some few specialty companies will survive, the majority will go under, and a few compa-

nies that are large, diversified, and able will move their main manufacturing base offshore. The effect this will have on some 2 million textile and apparel employees is too high an economic cost for this country to pay, in my judgment."

Mr. Speaker, these three men know the textile business. Along with the hundreds of thousands of other employees in the textile/apparel industry they see on a daily first-hand basis the devastation that is occurring due to unregulated cheap foreign imports. For the sake of these jobs and the preservation of our Nation's economic base, I trust that this house will do all it can to preserve this American way of life and pass the Textile/Apparel Trade Enforcement Act of 1985.

Mr. CRANE. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina [Mr. COBLE].

Mr. COBLE. Mr. Speaker, the opponents of this bill consistently cry out, "protectionism." They conversely consistently sing the praises of free trade. The submission of free trade as a defense in support of opposition to this bill is groundless. It is no defense, and it has, therefore, no teeth in its jaw nor muscle in its arm, for free trade is not practiced in the arena of international trade today. Free trade exists only in theory in economic textbooks.

Retaliation is another defense the opponents rely upon. It, too, in my opinion, is without substance. Those who purchase our grain do not do so as a reward to us for having bought their shoes and sweaters. They buy our grain because they need our grain, and they will continue these purchases so long as their needs persist.

Call this measure by any name, Mr. Speaker, but you must include among those names domestic jobs. We are, through this legislation, fighting for American jobs. Let us pass this bill today.

Mr. AUCOIN. Mr. Speaker, there are four good reasons to vote no on this counterproductive, protectionist bill.

First, this bill will increase poverty and instability in Third World countries along the Pacific Rim. That will spell big security problems for the United States in the years to come.

Second, this bill says that you cannot trust America to keep its promises. This bill breaks America's promises by violating at least three treaties, including the United States-China textile agreement and the Multi-Fiber Agreement.

Third, this bill injures an important friend. This bill jeopardizes China's economic modernization program, which is vital to China's reform government, a government which has been friendly to America and helpful to America and its interests.

Fourth, this bill will invite retaliation. It does not save any jobs. It is going to cost us jobs. For every job supposedly saved by this bill, it will cost many, many more American jobs because of the retaliation it will surely invite on the part of those countries that this bill victimizes. Many of those jobs will be in agriculture, many of them will be in high technology, many of them will be in other sectors.

I do not think it is fair for the supporters of this bill to cost jobs in those sectors in order to try to provide some kind of protectionsim for industries in their own districts.

I think those are good reasons, I say to my friends, to vote no on this bill.

But some will tell us that these reasons are not valid. Some will tell us that protectionism is not something that we need to really be concerned about. There was another man who said that in this Chamber and who represented the same district I represent. It was in the 1920's, and his name was Willis Hawley. He was Oregon's First District Congressman. He brought us the Smoot-Hawley Act, and I think the rest is history. This bill is not Smoot-Hawley, but it is the closest we have come to it in this session, and it will invite the same damaging consequences.

Mr. Speaker, I ask the Members to defeat this bill.

Mr. Speaker, when the House considered the Textile and Apparel Trade Enforcement Act last October I warned that the bill was bad trade policy and bad law.

Today, we are not only revisiting that same bad law, but we are now considering a worse version of that bad law we passed a short while ago. That is because in addition to extending import protection to one of the most protected of American industries, this bill now proposes to extend protection to the copper and nonrubber footwear industry as well.

This bill is looking much like a modern-day picture of Dorian Gray. On the outside, that is, politically, it's appearing more and more attractive to more people with each passing day. But on the inside, that is, substantively, it is growing uglier and uglier.

Yes; the spirit of holiday gift giving has finally infected the U.S. Congress. And if we pass this bill I guarantee you that we will soon have other industries asking us to be their Santa Claus.

But like most of us who charge our gifts to our credit cards, the price of extending protection to these industries will eventually have to be paid.

Mr. Speaker, I am not immune to the troubles being faced by the textile industry. I do not want to see textile jobs lost. And, yes: this bill will save jobs in the textile industry. But protectionism for one industry is not a solution that is in the national interest. And the price we will pay in the future will be too expensive to justify the action we take today.

One major reason we should oppose this bill is history. History teaches us that whenever we've set up protectionist barriers our trading partners have retaliated in kind. In October, I cited the example in 1983 when the textile agreement between China and the United States expired. The United States blindly imposed unilateral restraints on Chinese imports and China immediately retaliated by boycotting United States cotton, soybeans, and synthetic fibers. They also shifted grain purchases to other non-U.S. suppliers. The result was that foreign grain sales by America's farmers declined to China from $1.2 billion in 1982 to only $600 million in 1983.

But that's ancient history. Let me give you a more recent example of how nations respond to protectionism:

In late October, the United States announced that it was raising the import duty on pasta with egg to 25 percent and on pasta without egg to 40 percent. That was up from previous duties of less than 1 percent for both products.

Just 1 day after that announcement, the European Community retaliated. They immediately declared that they would raise the duties on lemons and walnuts from the United States.

This item may seem obscure and irrelevant to some folks. But it is evidence of what happens when industries surrender to international competition and the government blindly rushes to their aid.

And this example is just a microcosm of what could happen if we pass legislation as major as the textile bill.

Let me tell you how Oregon industries are responding to international competition.

One of the major export items in Oregon is wheat. Times are not good for the wheatgrowers in my district. Exports of the predominant soft white wheat grown in the Northwest are off by 51 percent.

But the wheatgrowers have not asked me to introduce legislation protecting them from imports. They are not asking me to risk a trade war just to save their own skins.

Instead, they are fighting back. They have formed informal brainstorming groups to come up with ideas on how to produce better products that would be more attractive to foreign markets. They have asked the Department of Agriculture to use its Bonus Bushel Program to help make U.S. wheat more competitive.

Oregon's high technology industry is another that is being hit hard by overseas competition. But they are not asking for Government handouts. Instead, they are accepting the challenge of developing new and more advanced technologies.

Oregon's wheatgrowers and high technology companies understand the dangers of protectionism—and they understand how protection for one industry too often means the destruction of another.

I say let's abandon short-term, politically popular panaceas and, instead, give some real help to our ailing industries.

Let's get to the root of all of these problems—the massive "Made in America" Federal budget deficit. Instead of spending our time considering special interest legislation like the textile bill, let's consider the public

interest by taking steps to reduce our dangerous deficits.

I encourage my colleagues to resist the gift-giving spirit of the holiday season in this one case. And let's give a real present to those industries being hurt by the overvalued dollar—budget deficit reduction and elimination.

Mr. CRANE. Mr. Speaker, I yield 1 minute to the gentleman from Utah [Mr. MONSON].

Mr. MONSON. Mr. Speaker, I rise in support of the legislation. I firmly believe that this legislation is vital to the future well-being of the three industries affected. In my home State of Utah, the copper industry was once the largest employer with over 7,000 employees. Today there are fewer than 100. We heard some good news today about Kennecott Copper Corp. in Utah. The company's parent company, Sohio, plans to invest $400 million to modernize and reopen the mine. This action demonstrates a genuine faith in the future of the copper industry. I believe it is Congress' responsibility to show the same faith and offer the industry the support it needs by voting for this bill today.

The bill is critical to leveling the playing field between U.S. and foreign copper producers. The United States has aided many countries in the world to develop an industrial base. And, now some of those countries such as Chile and Zaire are using the low-interest capital provided by United States taxpayers to finance overproduction which has flooded the United States with copper produced at artificially low prices. In addition, while the United States has been imposing costly regulations to ensure that our environment is protected, these other nations have allowed their industry to go unrestricted. This has created a situation in which the U.S. copper industry cannot compete. It is also a situation that increasing U.S. exports will not improve. We have called on the President to act, but our requests have been ignored. For these reasons, I strongly support the passage of this legislation. I hope my colleagues will recognize the need to stand behind the crippled industries identified in this bill and offer them the support they need.

□ 1505

Mr. GIBBONS. Mr. Speaker, I yield 1 minute to the gentlewoman from Tennessee [Mrs. LLOYD].

Mrs. LLOYD. Mr. Speaker, I rise in strong support of this legislation. While my colleagues have spoken eloquently of the attributes of this legislation, I would also remind you that if there was ever a women's issue to come before this body, certainly this is it today. More women have been displaced and more women have lost their jobs in this sector of employment than any other sector of our economy. More women who are breadwinners are coming home with half a loaf, if a loaf, and they are women who are one-skill trained. They have no other source of income, no other source of training. They cannot move to another town. They provide the vital necessities for their families.

I am very proud that this is called protectionist legislation, because I think we must stand strong and tall in this body and protect our national economy. This is our last hope for the textile-apparel industry today. If we do not adopt this vital legislation, move to aid these industries, then certainly there could be no textile industry by 1990.

It is no secret that the American fiber, textile, and apparel industry has been concerned for some time over the appalling rise of imports. These imports have doubled since 1980, averaging a 19 percent annual growth rate, and they now have a stranglehold on more than 50 percent of our market. For the first 8 months of 1985, the textile and apparel trade deficit has soared to a record $11.7 billon.

These numbers may sound like just a few unsettling government statistics to some, but they are flesh and blood realities that boil down to 300,000 Americans losing their jobs to imports since 1980. So far in 1985 alone, some 66,000 hardworking American textile and apparel workers have stood by helplessly as their jobs got exported overseas.

Plant closings have mushroomed accordingly. Nationwide, 222 textile plants alone have closed since 1983, and other plants are near-idled and cutting every conceivable corner just to weather the storm. My concern is whether or not this storm can subside before a destroyed industry lies in its wake.

I share my colleagues' desire to do something constructive for the nation's 2 million textile and apparel workers who face an uncertain future in this industry. As part of the Congressional Textile Caucus, I have given my full support to the passage of the Textile and Apparel Trade Enforcement Act of 1985, legislation designed to restore order and a semblance of fairness to world textile and apparel trade.

Mr. CRANE. Mr. Speaker, I yield 1 minute to the gentleman from Utah [Mr. NIELSON].

Mr. NIELSON of Utah. Mr. Speaker, I rise to express my opposition to H.R. 1562 the Textile and Apparel Trade Enforcement Act. I cannot support a bill which would have such a strong negative effect on the people of my State and this entire country.

Even though a Senate amendment which calls for copper negotiations with foreign producers was recently added to the bill, I feel that the economic effects of this legislation would be so damaging that I cannot support its passage. Let me make it clear that my vote against the textile bill in no way changes my support for copper negotiations. In fact, I have cosponsored separate legislation calling for the President to negotiate with foreign copper producers in order to help our domestic copper industry return to a healthy level of activity. However, if this textile bill is enacted, clothing prices will jump dramatically, hitting the poor and unemployed the hardest. Unemployed copper workers will be affected the same as everybody else.

The textile bill would impose a very high cost on American consumers, invite retaliation against Utah's over 20,000 export-dependent jobs, spur inflation, violate our international trade agreements, and provide the domestic textile and apparel, industries with an unprecedented level of protection.

I fail to see how we would be helping displaced copper workers by passing legislation which would make buying clothing for their childen unaffordable. I urge my colleagues to vote no.

Mr. CRANE. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Washington [Mr. CHANDLER].

Mr. CHANDLER. Mr. Speaker, despite the changes and despite the considerable degree of support H.R. 1562 has received, I must oppose enactment of the Textile and Apparel Trade Enforcement Act. And yet, Mr. Speaker, I have great empathy for the backers of this bill.

Where I come from, the State of Washington, crucial sectors of our economy are hurting: timber and fishing in particular. Indeed, the unemployment rate in Washington stands at 9.1 percent compared with 6.4 percent in Georgia, the third largest State for the production of textiles and apparel. How each of us responds to the economic challenges we face is, of course, the issue presented by this bill and numerous others now before the Congress.

The backers of H.R. 1562 contend that its passage will restore jobs and improve our trade picture. If that were true I would be the first person to vote for such a measure, but H.R. 1562 does not live up to its billing.

Mr. Speaker, this bill will shift the unemployment burden from the textile and apparel and footwear sectors of our economy to the retail clothing, banking, port, transportation and storage sectors of our economy. Hence, any humanitarian or Federal revenue advantage to be gained by putting people back to work in one sector of our economy will be lost by offsetting declines in other regions.

Not only must I dispute the claim that H.R. 1562 will truly save jobs, but I must also call attention to the costs associated with saving jobs in this

manner. Quotas will increase clothing and shoe prices. This is true not only because quotas will reduce supplies, but because foreign producers, certainly in the case of apparel, will tend to ship only higher priced goods. The poor will be hardest hit.

The impact this bill will have on our export industries must also be appreciated.

H.R. 1562 is highly discriminatory. Nations like Italy, Canada, and Germany, respectively the sixth, eighth, and ninth largest textile and apparel exporters to the United States, will be unaffected by the quotas. Ironically, however, quotas would apply to such nations as Sweden, Norway, and Finland which collectively account for less than one-quarter of 1 percent of the U.S. market for textiles and apparel and which as a group imports more textiles and apparel from the United States than it exports.

This sort of invidious discrimination will most assuredly engender acrimony and retaliation from our trading partners. In the unlikely event retaliation would not be forthcoming, quotas will reduce the foreign exchange earnings of some of our most important trading partners to the detriment of our telecommunications, timber, computer, aerospace and agricultural industries.

Lastly, Mr. Speaker, this bill would worsen an international debt crisis already on the verge of collapse. Footwear and apparel are uncommonly suited to the labor-intensive and low-capital economies of developing countries. If we destory these industries the consequences for our financial system could be disastrous.

The time has come when we must find a solution to our trade problems. We can't wait any longer. However, the medicine must cure the disease, not bandage the symptoms. H.R. 1562 would put a patch on unemployment and profits while the disease of a strong dollar, high interest rates and unfair trade practices goes on and spreads.

I support the comprehensive trade package recently introduced by House Republicans. I urge every Member of Congress to get behind a trade bill that goes to the root of our problems in a lasting and comprehensive way. H.R. 1562 is a shortsighted and counterproductive proposal that should not receive our support.

Mr. CRANE. Mr. Speaker, I yield 1 minute to the gentleman from Washington [Mr. MILLER].

Mr. MILLER of Washington. Mr. Speaker, when this bill was before us several weeks ago we were asked to shoot ourselves in the foot. Now that the bill has come back from the other body, we are asked to shoot ourselves in both feet.

We started out with a barrier relating to textiles. Now we have barriers relating to textiles and shoes and copper.

Mr. Speaker, this bill may help particular interests in particular districts. It will not help the Nation either at home or abroad. It will not help our workers who are going to lose more jobs than they will gain. It will not help our consumers who are now going to pay higher prices for both textiles and shoes. It is not going to help our businesses that export who are going to be hit.

And what about our international interests? Just think of the Prime Minister of Singapore who came here a month or two ago and talked to us about how his people look to the United States as a leader in establishing free market economies, who look to us as the leader of the free world, and here we go the day before trade negotiations start again in Geneva and we are going to start repudiating agreements that we are a party to.

Let us vote this bill down. Let us act like the leader of the free world.

Mr. CRANE. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. ZSCHAU].

Mr. ZSCHAU. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, today this country is facing an enormous trade deficit. It is costing U.S. jobs. It is undermining the industrial structure of the Nation.

The debate is not over whether we have a serious problem. We do. The debate is over whether this protectionist bill, or others like it, will solve the problem. It won't.

This bill will cost us jobs, not save jobs. It will increase the cost of apparel to American consumers. It will make the United States an outlaw in international trade, undermining our ability to enforce international trade agreements and inviting retaliation from our trading partners which will curtail U.S. exports.

Mr. Speaker, America did not become great running away from competition. We insist on fair play. We must negotiate and enforce fair trading agreements, but under that fair trade regimen we do not run from competition. The American way is to meet the competitive challenge.

I believe the textile industry itself has done a good job in meeting its international competitive challenge. Its productivity growth rate has been 5.2 percent over the last decade. As the textile industry has improved its productivity and competitiveness, it has been able to increase its production with fewer employees than it required in the past.

We in Government should be implementing procompetitive policies too, including our tax policies and our fiscal policies, that will enable companies throughout this country to be even more competitive. Competitiveness should be a prime criterion against which all of our Government policies should be evaluated.

I spoke recently to an autoworker in Detroit who, I believe, expressed the proper response to the competitive challenges we face. He acknowledged that the Japanese auto manufacturers have a labor cost advantage over ours, but he said,

We can be the best. With our technology, with investments in new plant and equipment, and by just plain hard work, we can beat the Japanese in the auto business or anything else.

Mr. Speaker, we can be the best.

We can be the best by rejecting counterproductive protectionist measures like this.

We can be the best by making competitiveness our primary policy objective, starting next week when we consider the tax reform bill.

We can be the best by starting now to cut spending, reduce the Federal budget deficit, and bring our dollar and our interest rates back into line.

Mr. Speaker, I urge rejection of this measure.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts [Mr. MAVROULES].

Mr. MAVROULES. Mr. Speaker, I thank the gentleman for this opportunity to speak in support of H.R. 1562. I will keep my remarks brief, as I know there is a time limit on today's debate.

I believe that I speak for all of my colleagues when I say that this Congress is overwhelmingly in support of free trade. Indeed, over the course of history, the United States has consistently supported the principle of free, open and fair trade.

Our commitment to free trade must be balanced. We must ensure that our markets remain open, which we have. And we must also insist that we too have similar access to markets abroad. In this, my friends, lies the problem which we seek to address today. For far too long the U.S. has played by a set of rules that few, if any, other nations follow.

Unfortunately, we are now experiencing the severe economic consequences of this lopsided policy. And I do not need to elaborate upon the magnitude of this crisis. The nature and consequences of our enormous trade deficit are well known to every member in this Chamber today.

Let us not lose sight of the real issue confronting us today, which is simply this: Are we going to allow our manufacturing sector to be eliminated, or are we going to insist upon fair trade? In my opinion, this is not a difficult question to answer.

Finally, I urge my colleagues to consider the following questions:

Is it not reasonable to maintain 40 percent of our domestic shoe market, as opposed to the meager 23 percent which we now possess? Is it not reasonable to offer foreign producers 60 percent—60 percent—of our market?

Is it not reasonable to insist upon closer adherence to the 1974 Multi-Fiber Arrangement, which I remind my colleagues was negotiated under the General Agreement on Tariffs and Trade? Is it not reasonable to adhere to an agreement which was negotiated in the very interest of free and fair trade?

Finally, is it not reasonable to request that the President at least attempt to address the problems confronting our Nation's copper producers?

I think that the answer to all these questions is yes. Indeed, it is an unqualified yes. Every aspect of this bill is extremely reasonable, and I strongly urge my colleagues to offer it their full support.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina [Mr. ROSE].

Mr. ROSE. Mr. Speaker, I rise in strong support of this legislation and I urge my colleagues to support it.

Mr. GIBBONS. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. PICKLE].

Mr. PICKLE. Mr. Speaker, the legislation before us proposes to remedy the ills of our textile industry by blasting our trading partners with import quotas on what is for many their dominant export product. We are faced with this issue at a time when we are preparing to resume negotiations on the Multi-Fiber Arrangement, which governs world trade in textiles.

Mr. Speaker, I voted against this bill when it came before the House in October, and I oppose the version before us today. This bill still represents an effort to deal with violations of existing trade agreements through the violation of those same agreements.

There is not doubt that we have a serious problem, Mr. Speaker. The industries covered by this legislation make convincing arguments in support of the approach advocated in this bill. Similarly strong arguments can be heard from other industries, however—from America's strong export industries, which don't want to be caught in the middle of this haggling over textiles.

Inaction on the part of the administration is largely to blame for our existing trade woes. Our Government has been both slow to respond, and slow to propose solutions to the trade deficit; to the overvalued dollar; and, to the tendency of other nations to reap full economic benefit from open U.S. economy.

The textile bill has served as a catalyst in some respects to U.S. action against unfair foreign trade practices. The groundswell of support for H.R. 1562 led to increased Government acknowledgement of the difficulties facing domestic industries. More needs to be done, Mr. Speaker, and it may be that the vote today will serve to maintain pressure on the administration to address a worsening and threatening trade environment. I hope our new Special Trade Representative will carry out our own trade laws; to enforce them strongly, and put some strength behind our own trade regulations. Our own Government must be much tougher.

Our colleague, the gentleman from Georgia, Mr. ED JENKINS, has rendered a service to all of us by his leadership in this measure. Because of his bill, our administration has begun to carry our own laws. The administration would not have begun this tougher policy had it not been for Mr. JENKINS' legislation. If we don't get tougher then this Congress ought to revisit this whole trade area.

Mr. CRANE. Mr. Speaker, I yield 30 seconds to the gentlewoman from Nebraska [Mrs. SMITH].

Mrs. SMITH of Nebraska. Mr. Speaker, I rise in strong opposition to the motion to concur in the Senate amendments to H.R. 1562.

I wish to open by saying that I share the concerns of my colleagues with regard to the impact of increasing imports on many domestic industries, including textiles and apparel, footwear, and copper.

Yes, we have the right problem. But this is the reverse of the right answer! This bill says, "Shut the door on international trade—we can't afford it anymore." Nothing is further from the truth. This is particularly true of our farmers, who are looking to a revival of exports as their only practical means of regaining some prosperity in rural America.

We have already heard extensive discussion of the devastation that this bill would bring to American agriculture. Yet some suggest that the risk of retaliation against agricultural exports is hobblegob. Try to tell America's wheat farmers that. Just 2 years ago, in 1983, unilateral restraints on Chinese textile imports were imposed by this country to prevent the entry of some 50 million dollars' worth of textiles. China turned around and diverted a $500 million wheat purchase from the United States to Argentina.

If you think that was a fluke, one only needs to look to the infamous Smoot-Hawley Act of 1930. After that bill's enactment and the ensuring trade war, our total exports declined from 5 billion dollars' worth in 1929 to only 1.6 billion dollars' worth in 1932—a decline of more than two-thirds.

Mr. Speaker, rural America cannot afford a loss in agricultural exports of two-thirds or any other amount approaching that magnitude. Exports have already fallen 29 percent the past 5 years—largely due to the overvalued dollar—and America's farmer cannot afford any more.

I urge my colleagues to vote in the interest of the American consumer, our exporting industries, and the international trading system by opposing this bill. Then, let's get to the root of this trade problem by slashing these unprecedented budget deficits and getting the dollar back in line.

Mr. CRANE. Mr. Speaker, I yield 30 seconds to the gentleman from Pennsylvania [Mr. RITTER].

Mr. RITTER. Mr. Speaker, I rise in strong support of the Textile and Apparel Trade Enforcement Act of 1985. Since 1980 imports of textile and apparel products have grown at an annual rate of 19 percent, far in excess of the growth provided for in the Multi-Fiber Arrangement, and far in excess of the 1-percent average growth of the U.S. market during that period. I would like to make three points, Mr. Speaker, in support of this bill.

First, the textile and apparel industry is not an industry unwilling to help itself. What it is seeking is a Government partnership to help offset active Government intervention overseas in foreign textile and apparel production.

Textile and apparel production is an easy industry for a developing country to buy into because of the low technology involved and the reliance on large numbers of very cheaply paid workers. Foreign nations heavily subsidize their fiber, textile, and apparel industries because the industries are basic and offer market opportunities and a chance to put people to work at abysmally low wages. Production is managed politically to take advantage of the U.S. market and to maintain employment.

In this country, however, the textile and apparel industry wants fair trade from these countries. The industry wants to stick to the Multi-Fiber Arrangement which was to limit imports to a 6-percent increase rather than the 19-percent per year which we've seen. Further, Mr. Speaker, we are also seeing a surge of imports because our allies in Europe have already significantly closed their markets to third world imports. This means that during the current world glut, we are not only getting our share of this overproduction, but we are also seeing the share that normally would have gone to the Europeans now coming to our shores, displacing our workers.

Mr. Speaker, the American textile and apparel industry is doing its fair share. It has worked to keep their prices competitive by investing $8.1 billion on plant modernization since 1980. What's more—they've been successful. And, this brings me to my second point.

Mr. Speaker, some of my colleagues want to make this into a debate between saving jobs or raising prices. This summer I asked my constituents a very tough question. I asked: "Would you favor higher tariffs and quotas on imports like steel and apparel to protect certain American industries and jobs, even if this would mean higher

consumer prices?" My constituents, consumers all of them, voted overwhelmingly by 63 percent yes to 33 percent no, in support of legislation to restrict unfair foreign trade—even if they had to pay higher prices! They voted to support jobs in the textile and apparel industry. And, as I said before, contrary to what some believe, this legislation doesn't mean higher prices.

Data supplied by the Market Research Corp. to the Department of Commerce reveal that average retail prices for many items are actually lower for items made in the United States. For example, women's and girls' sweaters are selling for an average retail price of $2.78 less when made here rather than imported. Slacks and pants for women sell for $2.31 less if they are made in the United States. Men's sweaters and underwear are less if the items are produced domestically.

However, if you look carefully at the facts, I would say to my colleagues that we can do both. In fact, Data Resources has found that if this legislation is not enacted, by 1990 consumers will lose $19 billion in disposable income resulting in $8 billion less consumer spending.

If you look at the prices for imported and domestic clothing articles, you will see that consumers are paying less for apparel as a result of domestic manufacturers modernizing to keep their prices low.

Further, consumers can no longer expect a bargain when the label says imported. Some stores and catalogues are even offering items that were either made in the United States or imported depending on which materials were cheaper. The catch is, and this is key, the price of the item does not change depending on whether the item is imported or domestic. The consumers pay the same price! The retailers, not the consumers, get any cost advantage.

Third, Mr. Speaker, we come to the undeniable fact that the raging flood of imports is devastating employment in the apparel and textile industry. Industry is doing what it can in an impossible situation. The Federal Government needs to do its part to allow textile and apparel workers to retain the dignity that goes along with providing for yourself and your family.

Mr. Speaker, the specifics are this. We have lost 1 million jobs due to unregulated textile, shoe, and apparel imports. Because of the surge of imports, unemployment in the apparel industry is 50 percent greater than the average unemployment rate in manufacturing. Unemployment in the apparel industry this spring stood at 10 percent.

This legislation is not going to put food on the table tonight or pay December's rent or mortgage payment for unemployed apparel and textile workers, Mr. Speaker. But this is a step toward helping our domestic textile and apparel industry to turn itself around, not get a Government bailout, but to turn itself around. We need this legislation for our workers who average about $5.75 per hour and who are competing with workers overseas who work for as little as 16 cents an hour. We in this country will not tolerate what is virtually slave labor. We don't expect to see it here and we will not support it abroad. Finally, Mr. Speaker, we need this legislation for the dignity of the American apparel and textile worker.

Let me join with my colleagues on the Textile and Apparel Caucus in giving my strongest support to the continuation of a great American tradition. Textiles and apparel "Crafted with Pride in the U.S.A."

Mr. CRANE. Mr. Speaker, I yield such time as he may consume to the gentleman from Kentucky [Mr. ROGERS].

Mr. ROGERS. Mr. Speaker, I rise in strong support of this bill and urge our colleagues to support it.

Mr. Speaker, I rise in support of H.R. 1562, the Textile and Apparel Trade Enforcement Act, as amended by the Senate. I urge my colleagues to vote yes on the pending motion and, in doing so, to vote in favor of helping an industry so important to jobs, yet so beleagured by the disruption of unfair imports.

Mr. Speaker, out of the months long debate on the textile and apparel industry, one could derive many reasons for the damaging import situation. The appreciation of the U.S. dollar has been blamed, yet economic impact studies have failed to establish such a relationship. The failure of our domestic producers to modernize and remain competitive has also been labeled as a major factor. Yet, industry statistics reveal billions of dollars in new capital spending over recent years, and increasing levels of productivity as well.

The one clear, convincing reason for import problems, and the very need for this bill, is market disruption—the existence of import levels so high that domestic producers lose large shares of their markets, realize significant profit losses, shut down plants, and terminate workers. Market disruption in the textile and apparel industry remains alarmingly high, and the demise of our domestic industry is the result.

Mr. Speaker, under section 204 of the Agricultural Act of 1956, as amended, authorization is provided the U.S. Government to negotiate agreements with other countries which limit their exports of textile products to the United States. Section 204 also provides the legal basis for the Multi-Fiber Arrangement, a multilateral agreement designed to cope with market disruption arising from our textile trade. Essentially, the threat of rising and damaging textile import levels pressured us into negotiating the MFA with 42 other nations.

In an effort to allow orderly growth of textile and apparel imports from developing countries, the MFA contemplated an overall import growth rate of 6 percent from any one country.

But orderly growth has not been the result of the MFA over the last few years. Since 1981, imports have grown 19 percent, and over the last 2 years imports have risen by 65 percent. Apparel imports, to which manufacturers in my district are most sensitive, represent half of domestic sales. The byproducts of this balooning growth are hundreds of closed plants, hundreds of thousands of unemployed workers, infiltration of domestic markets, and other losses within the industry—all indications of severe market disruption.

The individual reasons for the failure of the MFA to regulate imports properly are many. However, there is only one conclusion to be drawn. Reforms are now necessary to curb import growth in a manner consistent with the stated intentions of the MFA. This bill achieves that goal.

The flood of textile and apparel imports and resulting economic dislocation is of concern to small communities all across this Nation. No one region has a sole stake in this issue. Textile and apparel imports affect over 2 million employees spread out over almost all 50 States. Imports also threaten textile machinery manufacturers, retailers, consumers, and all the other segments of small town America which rely on the survival of the textile and apparel industry. The nationwide impact at issue is demonstrated by its overriding interest among so many Members of Congress in both the House of Representatives and the Senate.

Although passage of this bill would still allow imports to claim 42 percent of our domestic markets, the medicine in this bill is admittedly strong. As a result, the administration has continued to indicate its opposition to the legislation. In light of this fact and the possible rejection of H.R. 1562, I want it known that at the very least, passage of H.R. 1562 is a shot across the bow of our ruthless foreign partners. It is a message that says we are unwilling to accept current practices, and are prepared to tame future unfair trading tactics.

In support of the 13,000 textile and apparel workers in my own fifth district, I strongly urge all my colleagues to sign this message and support passage of H.R. 1562.

Mr. CRANE. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois [Mr. GROTBERG].

Mr. GROTBERG. Mr. Speaker, I rise in opposition to the bill.

Mr. SHUMWAY. Mr. Speaker, I rise again today in opposition to the Textile and Apparel Trade Enforcement Act of 1985, legislation which now contains still more provisions damaging to our Nation's trade policy than the bill originally considered by the House in October. The footwear and copper restrictions added to the bill by the other body will contribute, together with the sharply reduced textile quotas, to

the deterioration of our trading relationships throughout the world. The negative impact of this legislation on our domestic economy has already been described by many; the new textile and footwear import restrictions will increase costs to consumers, reduce employment in the retail industry, and invite retaliation against U.S. exports, particularly agriculture. This legislation will, in addition, strike a powerful blow to our multilateral trading relationships and agreements, hastening the abandonment of the multilateral discipline that has allowed trade to thrive in the years since World War II.

Clearly, sound domestic economic policy argues against the implementation of protectionist solutions to our trade problems; our foreign policy and strategic interests argue against it as well. As you may recall, Mr. Speaker, the Prime Minister of Singapore, Lee Kuan Yew, speaking before a joint session of Congress in October, delivered a powerful message about the vital link between an open, dynamic economic system and a free, democratic political system. Tragically, that message was ignored as both the House and the Senate voted to approve the Textile and Apparel Trade Enforcement Act. Urging U.S. Congressmen not to adopt new, restrictive barriers to trade, Lee observed that, "Once infatuated with socialist economic policies of nationalization and autarchy, Third World nations have now come to see that stagnation and decay have followed these policies. More and more Third World nations are seeking a better life for their peoples by opening their doors to trade and investments." By taking unilateral actions that could threaten the economic growth and stability of many developing nations, particularly those in east Asia, the United States, Lee suggested, might push these nations into policies and trading relationships that are, from a political and strategic perspective, undesirable and dangerous.

Before unleashing its zeal to reduce the U.S. trade deficit through protectionist legislation, Congress should carefully consider the strategic implications of its actions alongside the economic impact of such policies. The textile bill we are considering today would force severe reductions in the textile exports of many nations whose continued economic and political stability is important for U.S. foreign policy. Thailand, for example, would be forced under this legislation to roll back its textile exports to the United States by 64 percent, a serious economic blow for a nation that has just turned back a coup attempt, a nation on the front line against Vietnamese expansion, a nation for which the U.S. Congress last year provided $101 million in security assistance and $41.9 million in economic assistance. Will we feel constrained to double our foreign assistance outlays next year to counteract the destabilizing impact of shutting off our markets to Thailand, Indonesia, the Philippines, or Brazil?

It makes little sense to abandon the mutual benefits of free trade, then make up for the damage through even larger foreign aid outlays or greater expenditures for defense in order to extend protection to our weakened allies. The tremendous growth, success, and promise of the free-market nations of east Asia have been largely the product of the open world trading system that emerged with the GATT and IMF agreements after World War II. As Prime Minister Lee reminded us, the United States has always played a central role in encouraging "a world which enables all to work and be rewarded for their efforts because what they produce is desired by others willing to pay for such goods and services under fair rules of exchange."

Many would argue that the "fair rules of exchange" are no longer being honored, leaving the United States free to abandon its commitment to a free and open trading system. On the contrary, a firm foundation for maintaining fair rules exists in the GATT process and in multilateral agreements such as the Multi-Fiber Arrangement which governs textiles. Mr. Lee asked us, "Is America willing to write off the peaceful and constructive developments of the last 40 years that she had made possible?" Mr. Speaker, I believe the answer must be "no."

Mr. MCCAIN. Mr. Speaker, the Senate recently passed an amendment to the Textile and Apparel Trade Enforcement Act of 1985 that I believe merits the support of all my colleagues. The Copper Free Market Restoration Act of 1985 addresses the problems that have plagued our domestic copper industry and it attempts to rectify the unfair trade advantage foreign competitors have enjoyed. It is because of this act's inclusion in the Textile and Apparel Trade Enforcement Act of 1985 that I rise in support of H.R. 1562.

I am sure we are in total agreement that the free market is the foundation of the American enterprise system. However, many people fail to realize that the U.S. copper industry is not competing in a free market system. Most of the state-owned foreign competitors obtain their funds and fund guarantees from multilateral development banks such as the World Bank and the International Monetary Fund Inc. Between 1975–83, Chile, Peru, Zaire, and Zambia borrowed a combined total of approximately $4.4 billion from the IMF, and over $1.8 billion in world development bank loans for mining and mining-related projects. With this ample and seemingly endless financial support, these foreign producers easily maintain production, and even increase production in total disregard of the economic principles of supply and demand. In the face of reduced demand, it is difficult to understand why foreign competitors continue to increase production. Furthermore, this behavior has had a deleterious affect on the world copper market and seems to fly in the face of normal economic principles.

Implementing voluntary production restraints to improve our domestic copper industry is not a new idea. In response to section 247 of the Trade and Tariff Act of 1984, which urged the President to negotiate voluntary production restraint agreements with the major copper exporting countries, then-Ambassador William Brock directed that the possibility of negotiating such restraints be reviewed once again. This possibility had earlier been considered, and rejected by the President in the context of his decision on the U.S. copper industry's request for relief under section 201 of the Trade Act of 1974. This decision was rendered despite the recommendation of the International Trade Commission. As you may recall, the International Trade Commission found that copper imports were a substantial cause of injury to the U.S. copper industry and recommended the imposition of import relief measures. Unfortunately, the administration does not appear inclined to do anything to help this floundering industry.

Those individuals involved with the copper industry are keenly aware that the difficulties encountered by our domestic copper producers are the result of overproduction by foreign competitors. Creating worldwide surpluses that demonstrably drive prices to destructively low levels benefit no one. Yet, in response to this philosophy, we have failed to initiate treatment to our seriously ill patient.

Recently, the U.S. Trade Representative directed a task force to prepare a report on the feasibility of negotiated voluntary restraint agreements. The task force report, published in March of this year, confirmed that the world copper market is distorted and depressed as a result of the policies of government-owned foreign producers and lending by international agencies, and that continuation of these trends will make our country dependent upon potentially unstable foreign supplies of a strategic metal. As Secretary of the Interior Donald Hodel has stated, ". . . a Nation that is unwilling to be substantially dependent on imported oil should carefully consider whether it wants to import signficant quantities of minerals that are essential to our national economy or security. . . ."

The U.S. copper industry is not losing out because it is not competitive. In fact, domestic copper producers have improved productivity, shut down or sold marginal operations, reduced employment, cut overhead, decreased salaries and wages, and slashed capital spending in an effort to become a more formidable competitor. But they cannot stand alone in this battle; they need our help.

Given this set of circumstances, I do not believe it is possible to continue to hold back and hope that the problem will resolve itself. Negotiated voluntary restraint agreements would help save the U.S. copper industry and benefit the foreign producers as well. Remember this measure does not call for quotas nor does it raise tariffs. It is in the best interests of the United States, Chile, Zambia, Zaire, and Peru to bring an end to the present copper depression and prevent another. Production restraints would produce an increase in export revenues for these foreign nations by restoring the worldwide balance between supply and demand. Let us not turn our backs on this vital industry. It is doubtful that our do-

mestic copper industry can continue to weather this period of deep depression.

Mr. CRANE. Mr. Speaker, I yield myself the remaining time.

Mr. Speaker, I would first of all like to congratulate the distinguished chairman of our Trade Subcommittee for his yeoman efforts in trying to guarantee that reason might prevail on this sensitive issue, which obviously touches many constituencies very deeply; but I want to comment just briefly on two things that were brought up in the debate earlier.

One of our colleagues made this statement, "They don't restrict us and we don't restrict them," with regard to why we have not imposed the same restrictions on Canada and upon the European trade community.

The fact of the matter is that we have bilateral agreements with all these countries that are going to be affected by this legislation (A), and (B) Hong Kong, for example, does not in any way restrict our goods coming into Hong Kong, and yet we are about to impose this kind of restriction upon them.

The other point that was brought up earlier, at least tangentially by my colleague, the gentleman from Minnesota, was a libel that appeared in an ad in the Washington Post, a libel of our distinguished U.S. Trade Representative. That libel said, in identifying his position, "We should phase these industries out of our society."

The record is abundantly clear and has been included by my colleague that that is not true.

Mr. GIBBONS. Mr. Speaker, I yield myself the remaining time.

Mr. Speaker, as we conclude this hostoric debate, there are two issues. The first issue is whether or not there are enough votes in this body to sustain a Presidential veto. I hope that there are.

The second issue, and the more important issue, is whether or to there are enough votes in this body to ensure that America will develop a strong market-oriented economy that will last for a long, long time, or whether we will take the short, easy, cheap road out by buying protectionism. I certainly hope we do not.

The textile industry will survive if this bill does not pass. The textile industry has been shephered by this Government for some 27 years, treated in a special way, and by treating it in a special way, it has made it harder and longer for it to adjust to the competition that exists around the world.

If you look closely at the loss of employment in the textile industry, you will note that most of the jobs have been lost in the production end of the industry. That signifies that as the textile industry is automating, as it must and it will, it is losing jobs, as you would normally expect it to do.

When the dollar gets back to its proper trade-related basis, the textile industry in this country will be a happy, vigorous, prosperous industry and one that can pay better wages than it does now.

□ 1520

So it is going to happen and it is going to happen positively. But if we choose the wrong road, and go down the road of protection, and I hope we do not, we are going to end up with a hothouse type industry in this country that does not make the kind of adjustments that it must make to earn its way in the international environment in which we live.

The textile industry is entitled to all the normal protections that any American industry has. It can bring countervailing duty suits for subsidies. It can bring dumping suits for mischievous pricing. It can bring injury suits if it is seriously injured. But it has not chosen to go that way. It has chosen to go the way of a protected industry through the kinds of legislation that have been going on now, as I say, for some 27 years.

I feel sorry for those who are caught in this predicament, but it is not unlike many things that have happened in this country before. All of us have seen, for over 250 years, that industries must rationalize as times and conditions change. That is happening in the textile industry. We should encourage it to happen and we should try to protect the workers and the people in that industry as best we can, but we should not try to hold back normal progress in our society. If we do, we do it at a great cost to the rest of our society.

If we pass the copper legislation, we will only succeed in making our metalworking industry in the United States that much less competitive. We will save very few jobs. If we save jobs in the shoe industry, we are going to take jobs away in other, more competitive industries in this U.S. economy.

That is what we are up against. It is time to think big and to vote "no" on this important question.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 325, the previous question is considered as ordered on the motion.

The question is on the motion offered by the gentleman from Illinois [Mr. ROSTENKOWSKI] to concur in the Senate amendment.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. CAMPBELL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 255, nays 161, answered "present" 1, not voting 17, as follows:

[Roll No. 424]

YEAS—255

Ackerman	Garcia	Nichols
Alexander	Gaydos	Oakar
Andrews	Gejdenson	Oberstar
Annunzio	Gephardt	Obey
Anthony	Gilman	Olin
Applegate	Gingrich	Ortiz
Aspin	Gonzalez	Owens
Atkins	Goodling	Parris
Barnard	Gordon	Pashayan
Barnes	Gray (IL)	Pepper
Bentley	Gray (PA)	Perkins
Bevill	Gregg	Quillen
Biaggi	Guarini	Rahall
Bilirakis	Gunderson	Rangel
Bliley	Hall (OH)	Ray
Boehlert	Hall, Ralph	Regula
Boggs	Hammerschmidt	Reid
Boland	Hartnett	Richardson
Boner (TN)	Hatcher	Ridge
Bonior (MI)	Hawkins	Rinaldo
Borski	Hayes	Ritter
Boucher	Hefner	Robinson
Boxer	Hendon	Rodino
Breaux	Henry	Roe
Brooks	Hertel	Rogers
Brown (CA)	Hillis	Rose
Broyhill	Hopkins	Rowland (GA)
Bruce	Horton	Russo
Bryant	Howard	Savage
Burton (CA)	Hoyer	Scheuer
Bustamante	Hubbard	Schneider
Byron	Huckaby	Schuette
Callahan	Hughes	Schulze
Campbell	Hunter	Shelby
Carper	Hutto	Shuster
Carr	Jeffords	Sikorski
Chapman	Jenkins	Sisisky
Chappell	Jones (NC)	Skeen
Clay	Jones (TN)	Slaughter
Clinger	Kanjorski	Smith (FL)
Cobey	Kaptur	Smith (NJ)
Coble	Kastenmeier	Smith, Robert (NH)
Coelho	Kennelly	Snowe
Coleman (MO)	Kildee	Snyder
Coleman (TX)	Kindness	Solomon
Collins	Kolbe	Spence
Conte	Kolter	Spratt
Cooper	Kostmayer	St Germain
Coughlin	Lantos	Staggers
Coyne	Leath (TX)	Stokes
Daniel	Lehman (CA)	Stratton
Darden	Lehman (FL)	Studds
Davis	Leland	Sundquist
de la Garza	Lent	Swindall
Dellums	Levin (MI)	Tallon
Derrick	Lipinski	Tauzin
Dickinson	Lloyd	Taylor
Dingell	Loeffler	Thomas (CA)
DioGuardi	Long	Thomas (GA)
Dixon	Lott	Torres
Donnelly	Lujan	Torricelli
Dowdy	Lundine	Traficant
Duncan	Manton	Traxler
Durbin	Markey	Udall
Dwyer	Martin (NY)	Valentine
Dyson	Martinez	Vento
Early	Mavroules	Visclosky
Eckart (OH)	McCain	Volkmer
Edwards (CA)	McCloskey	Walgren
Emerson	McDade	Weiss
Erdreich	McGrath	Wheat
Evans (IL)	McKernan	Whitley
Fascell	McMillan	Whitten
Fazio	Mikulski	Williams
Feighan	Mitchell	Wilson
Fiedler	Moakley	Wise
Fish	Mollohan	Wolpe
Flippo	Monson	Wright
Florio	Montgomery	Wylie
Foglietta	Moody	Yatron
Ford (MI)	Morrison (CT)	Young (AK)
Ford (TN)	Mrazek	Young (FL)
Frank	Murphy	Young (MO)
Franklin	Murtha	
Frost	Natcher	
Fuqua	Neal	

NAYS—161

Akaka	Hamilton	Penny
Anderson	Hansen	Petri
Archer	Heftel	Pickle
Armey	Holt	Porter
AuCoin	Hyde	Pursell
Badham	Ireland	Roberts
Bartlett	Jacobs	Roemer
Barton	Johnson	Rostenkowski
Bateman	Jones (OK)	Rowland (CT)
Bates	Kasich	Roybal
Beilenson	Kemp	Rudd
Bennett	Kleczka	Sabo
Bereuter	Kramer	Saxton
Berman	LaFalce	Schaefer
Bonker	Lagomarsino	Schroeder
Bosco	Latta	Schumer
Boulter	Leach (IA)	Seiberling
Broomfield	Levine (CA)	Sensenbrenner
Brown (CO)	Lewis (CA)	Sharp
Burton (IN)	Lewis (FL)	Shaw
Chandler	Lightfoot	Shumway
Chappie	Livingston	Siljander
Cheney	Lowery (CA)	Slattery
Coats	Lowry (WA)	Smith (IA)
Combest	Luken	Smith (NE)
Courter	Lungren	Smith, Denny (OR)
Craig	Mack	
Crane	MacKay	Smith, Robert (OR)
Crockett	Madigan	
Dannemeyer	Marlenee	Solarz
Daschle	Martin (IL)	Stallings
Daub	Matsui	Stangeland
DeLay	Mazzoli	Stark
DeWine	McCandless	Stenholm
Dicks	McCollum	Strang
Dorgan (ND)	McCurdy	Stump
Dornan (CA)	McEwen	Sweeney
Downey	McHugh	Swift
Dreier	Meyers	Synar
Dymally	Mica	Tauke
Eckert (NY)	Michel	Vander Jagt
Edwards (OK)	Miller (CA)	Vucanovich
English	Miller (WA)	Walker
Evans (IA)	Mineta	Watkins
Fawell	Molinari	Waxman
Fields	Moore	Weber
Foley	Moorhead	Whittaker
Frenzel	Morrison (WA)	Wirth
Gallo	Myers	Wolf
Gekas	Nielson	Wortley
Gibbons	O'Brien	Wyden
Glickman	Oxley	Yates
Gradison	Packard	Zschau
Green	Panetta	
Grotberg	Pease	

ANSWERED "PRESENT"—1

Bedell

NOT VOTING—17

Addabbo	McKinney	Roukema
Carney	Miller (OH)	Skelton
Conyers	Nelson	Towns
Edgar	Nowak	Weaver
Fowler	Price	Whitehurst
Hiler	Roth	

□ 1530

The Clerk announced the following pairs:

On this vote:

Mr. Skelton for, with Mr. Nelson of Florida against.

Mrs. Roukema for, with Mr. Hiler against.

Mr. SHAW and Mrs. MARTIN of Illinois changed their votes from "yea" to "nay."

Mr. LOTT changed his vote from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

HIGHER EDUCATION AMENDMENTS OF 1985

Mr. BONIOR of Michigan. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 326 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 326

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of Rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3700) to amend and extend the Higher Education Act of 1965, and the first reading of the bill shall be dispensed with. All points of order against consideration of the bill or failure to comply with the provision of section 303(a)(4) of the Congressional Budget Act of 1974 (Public Law 93-344) and clause 3 of Rule XIII are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Education and Labor now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, said substitute shall be considered for amendment by titles instead of by sections and each title shall be considered as having been read, and all points of order against said substitute for failure to comply with the provisions of section 303(a)(4) of the Congressional Budget Act and clause 5(a) of Rule XXI are hereby waived. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

□ 1545

The SPEAKER pro tempore. The gentleman from Michigan [Mr. BONIOR] is recognized for 1 hour.

Mr. BONIOR of Michigan. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Tennessee [Mr. QUILLEN] and pending that I yield myself such time as I may consume.

Mr. Speaker, House Resolution 326 is an open rule providing for the consideration of H.R. 3700, to amend and extend the Higher Education Act of 1965. The rule provides for 1 hour general debate, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor.

All points of order against consideration of the bill for failure to comply with section 303(a)(4) of the Budget Act are waived by this rule. This section prohibits consideration of new spending authority that will become effective in a fiscal year, until the first budget resolution for that year has been adopted.

This waiver is necessary because H.R. 3700 provides for extensions of educational programs through fiscal year 1991. The bill, therefore, involves new spending authority in years for which the first budget resolution has not yet been adopted.

The rule also waives clause 3 of rule XIII against consideration of the bill. This provision is known as the Ramseyer rule and prohibits the consideration of any bill reported from a committee if the committee's report does not include a section indicating all changes in existing law which the legislation would make.

After general debate, the bill shall be considered for amendment under the 5 minute rule. The rule makes in order the amendment in the nature of a substitute recommended by the Committee on Education and Labor, which is now printed in the bill, to be considered as original text for the purpose of amendment.

The rule provides that the substitute shall be considered for amendment by titles, instead of by sections, and that each title shall be considered as having been read.

All points of order against the substitute for failure to comply with section 303(a)(4) of the Congressional Budget Act are waived under this rule. This waiver is necessary because the substitute, like the bill itself, involves new spending authority in years for which the budget resolution has not yet been adopted.

Points of order are also waived against the substitute for failure to comply with clause 5(a) of rule XXI, which prohibits appropriations in a legislative bill.

Finally, the rule provides one motion to recommit with or without instructions.

Mr. Speaker, the Higher Education Act of 1965 is the single most important legislation affecting postsecondary education in America. Authorization for most of the programs contained in it is scheduled to expire at the end of fiscal year 1986. H.R. 3700 will reauthorize and extend these programs and, along with them, the commitment of this Nation to providing each student the opportunity for higher education.

Included in this legislation are funds for guaranteed student loans to assist students from middle and lower income families who would otherwise lack the resources to go to college. Also included are funds for Pell grants, which are made available to students from disadvantaged back-

grounds. Funds for the Work Study Program, for students with special needs and other educational needs are included as well.

H.R. 3700 extends the authorization for these programs at the same time as it tightens the eligibility criteria. This will make it easier to eliminate abuses of the system of student financial aid. It will also make more equitable the system by which students and family needs are assessed.

Mr. Speaker, I would like to commend the chairman of the Subcommittee on Postsecondary Education, Mr. FORD, for his fine work on this legislation.

Early this year, there was a serious possibility that this Nation would walk away from its commitment to providing equal educational opportunity for all. There were many who argued that it was time for drastic cutbacks in educational assistance. There were those who proposed changes that would have curtailed the ability of middle income students to take advantage of college aid.

If such proposals were to pass, we would risk the possibility of becoming a country where access to quality education, and the jobs for which such an education is a prerequisite, would be the privilege of only the wealthy.

Through the diligent work of the Subcommittee on Postsecondary Education, H.R. 3700 presents us with opportunity to move forward rather than retreat in our Nation's commitment to educational excellence.

Since February of this year, 35 hearings were held, including 12 field hearings around the country. Over 350 witnesses were heard. Out of this careful consideration, legislation has emerged which has broad bipartisan support, and reflects the widespread consensus throughout America that education must be our highest priority.

I hope this House will acknowledge the fine work that has been done by the Subcommittee on Postsecondary Education, and will pass this legislation which is the most important investment we can make in the future of our Nation.

Mr. Speaker, I urge adoption of this rule.

Mr. Speaker, I reserve the balance of my time.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is an important rule. We know how significant education is to the future of this country. Student financial assistance plays a major role in education today. I know of no controversy on the rule, but when the bill is debated on the floor I am sure there will be some opposing views.

Mr. Speaker, I have no requests for time. I urge the adoption of the rule.

Mr. BONIOR of Michigan. Mr. Speaker, I have no requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. BROWN of California). Pursuant to House Resolution 326 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3700.

□ 1550

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3700) to amend and extend the Higher Education Act of 1965, with Mr. DIXON in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Michigan [Mr. FORD] will be recognized for 30 minutes and the gentleman from Missouri [Mr. COLEMAN] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Michigan [Mr. FORD]

Mr. FORD of Michigan. Mr. Chairman, I yield myself 6 minutes.

Mr. Chairman, I rise with great pride in support of H.R. 3700, the Higher Education Amendments of 1985. As chairman of the Subcommittee on Postsecondary Education, it has been my privilege to be deeply involved in the development of H.R. 3700.

This bill represents a continuation of the long Education and Labor Committee tradition of bipartisan higher education legislation. H.R. 3700 was introduced with the cosponsorship of 28 members of the Education and Labor Committee including all but one member of the Subcommittee on Postsecondary Education. It was ordered favorably reported by the full committee by a vote of 28–2.

This bill was developed through a long and careful process of investigation and consultation. One hundred and forty organizations and associations representative of or interested in postsecondary education were invited to submit recommendations for the reauthorization of the Higher Education Act. Recommendations were received from 105 respondents. A complete list of those who submitted recommendations is included in the committee report. These recommendations were made available to the subcommittee members as well as all other interested parties.

These recommendations and the bills amending the Higher Education Act which were referred to the subcommittee served as the basis for the hearings. A total of 35 hearing were held, including 12 field hearings outside of Washington. A complete list of the locations and topics of the hearings is also included in the committee report. Three hundred and fifty-two witnesses appeared at the hearings representing a broad cross section of experts and professionals as well as the consumers of education, students. One hundred and fifteen hours of testimony were received in the hearings.

If I might say so myself, these were very high quality hearings. Each of the Washington hearings focused on a specific program or problem and the witnesses were asked to address themselves to the specific recommendations received by the subcommittee as well as the legislation pending before the subcommittee. The hearings outside of Washington tended to range more broadly over the entire Higher Education Act but were extremely valuable in bringing to bear a variety of State and institutional perspectives.

A unique aspect of the development of this bill was the procedure used for subcommittee markups. We did not hold markup on a bill that represented anyone's version of what the perfect world should look like. Instead we marked up off of a series of discussion prints that were assembled on the basis of what seemed to be a consensus of the best and most reasonable ideas presented in the recommendations received by the subcommittee, the testimony presented in the hearings and the legislation referred to the subcommittee. These prints were extensively modified in the course of four subcommittee markup sessions at which more than 60 amendments were considered. Only after these markups was a bill reflecting the actions of the subcommittee introduced with the cosponsorship of 28 members of the Education and Labor Committee.

In short, H.R. 3700 represents a collective product of the efforts of the members of the subcommittee, other members who introduced legislation amending the Higher Education Act, and the higher education community.

It would be impossible for me to appropriately credit in the brief time available all the individual efforts of those who have contributed to H.R. 3700. Let me single out only a few: Mr. HAWKINS of California's legislation to revise title III and to more effectively serve the needs of historically black colleges and univerities; Mr. COLEMAN of Missouri's proposals for graduate fellowships and to improve the collections of student loans; Mr. JEFFORDS of Vermont's provisions to reestablish a loan consolidation program; Mr. BIAGGI's efforts on behalf of nontraditional students and teachers; Mr. WILLIAMS of Montana's and Mr. GUNDERSON of Wisconsin's legislation in support of nontraditional students; Mr.

ECKART of Ohio's Dislocated Workers Act of 1985; Mr. BRUCE of Illinois' proposals to improve the student financial aid programs and his National Higher Education and Economic Development Act; Mr. DYMALLY of California's legislation for university/high school partnerships aimed at dropout prevention and Mr. CHANDLER of Washington's bill for midcareer teacher training for nontraditional students. A complete list of the legislation from which provisions of H.R. 3700 were drawn will be included at the end of my statement.

The consensus of the committee in support of H.R. 3700 and the consensus in its favor by the higher education community were not purchased with increased authorizations and costs. H.R. 3700 is composed of carefully balanced reductions and savings in many areas and selected high priority increases in other areas. CBO estimates that the bill will result in $1.3 billion less in authorizations for fiscal year 1987 than the fiscal year 1986 authorizations contained in current law. In particular, the cost of the Guaranteed Student Loan Program, which are real costs since this program is an entitlement, is estimated to be $525 below current law for fiscal year 1987. Over the period of the reauthorization, the cost of the Guaranteed Student Loan Program will be $1.065 billion less than it would be if current law were simply extended unchanged.

With the provisions of H.R. 3700, the total cost of fully funding the Higher Education Act will increase from $10.6 billion in fiscal year 1987 to $12.8 billion in fiscal year 1991. This represents a 21-percent increase over the 5 years of the reauthorization. A 21-percent increase over 5 years is about a 4-percent increase per year which will simply keep even with inflation based on current projections. Thus, in constant dollars this bill provides for an authorization freeze over the 5-year period of the reauthorization after starting from a point that is more than a $1 billion below current law in the first year.

Additionally, Mr. Chairman, there are three provisions of H.R. 3700, that need further clarification as to their intent and legislative background. These include an amendment to the State Student Incentive Grant Program [SSIG] to allow States to use such funds for their own work study programs; amendments to limit the regulatory provisions in the Guaranteed Student Loan [GSL], College Work Study [CWS], and National Direct Student Loan [NDSL] programs; and the administration of the single need analysis.

The State Student Incentive Grant Program is amended to give discretion to the States to utilize a portion of their allotments to support State-sponsored work-study programs, as well as continuing to make the grants authorized under prior law. The recent development of work-study programs funded and administered by a number of the States that afford students not only the opportunity to earn the money they need for their college education but also to perform valuable public service activities and to advance their educational attainment. This combination of work, learning, and public service represent an efficient use of increasingly scarce resources. Those Governors and legislatures that have on their own initiative created State work-study programs should be commended. This amendment will afford all States the opportunity to establish similar programs, and will enable those States with programs already underway to expand their reach.

In examining the various State work-study programs, one finds a diversity of administrative mechanisms and a wide variety of activities in which participating students are involved. This diversity should be preserved and indeed encouraged, limited only insofar as the use of funds allotted under this program meets the same broad restrictions that apply to work supported under the College Work-Study Program set forth at section 443(a) of this act. It is expressly not the intent of this provision to authorize any Federal agency or official to prescribe to any State how or if a work-study program supported under this provision should be administered or, except as provided in statutory language the nature of the work to be performed through it.

During reauthorization hearings there was considerable testimony as to the value of productive work experience in improving a student's academic achievement. This new flexibility in the use of SSIG will further contribute to this end. However, there was also persuasive testimony as to the harmful effects of too much work during the school year. The States are therefore expected to use the option afforded them under this program with full cognizance of the need to maintain a balance between the requirements of work—no matter how valuable—and the academic needs of the student.

One of the major problems that faced the Committee on Education and Labor in developing this legislation was the 1983 Supreme Court decision in Immigration and Naturalization Service versus Chadha. That decision declared that the use of legislative veto to overturn administrative regulations was unconstitutional. The Congress had broadly used legislative veto to modify or reject regulations published under the authorities in Higher Education Act and the Chadha decision has greatly constrained the ability of the Congress to ensure that the administration of student aid programs conforms to the legislative intent in their enactment. As a result, in recent years, the Congress has had to enact technical amendments each year to maintain the family contribution schedules for the Pell grant and Guaranteed Student Loan [GSL] Programs.

H.R. 3700 contains several modifications to address the problems created by the Chadha decision and to frame the requirements for higher education programs in more explicit legislative detail. For example, the need analysis provisions for all title IV programs, except the State Student Incentive Grant Program, are specified in the legislation for the first time. Previously, the specifics of the need analysis were left to regulation by the Department of Education and cooperative agreements with the higher education community. It is, of course, essential that the Congress oversee the effectiveness of these provisions to ensure that they are accomplishing the goal of fairly assessing students' need for Federal assistance in a time of constrained budgets and constant or decreasing student aid dollars. It is therefore necessary that after enactment of this legislation, the Subcommittee on Postsecondary Education hold oversight hearings at least once annually to monitor the effectiveness of the needs analysis provisions and to, if necessary, make appropriate legislative modifications. One amendment that will be offered as part of the committee package of amendments will also help to ensure that the needs analysis is kept current by requiring the Secretary of Education, following specific guidelines in the amendment to annually update the assessment tables and provisions within the needs analysis.

Consistent with the other provisions affecting regulatory authorities in the student financial assistance programs, there will also be an amendment offered as part of the committee package which conforms the language of the provisions granting regulatory authority for the Guaranteed Student Loan, College Work Study and National Direct Student Loan Programs. The amendment will further mandate that the new provisions in the GSL Program be effective with or without regulations. This is necessary because there are many provisions in H.R. 3700 which reduce the costs of the GSL Program and it is important that those provisions be implemented immediately upon enactment of the statute if the full cost savings are to be realized. The proposed regulations implementing the 1980 GSL changes made in that reauthorization were not published until September 4, 1985. If a similar pattern were to again develop, the cost savings provisions would not be implemented until 1991.

Finally, the amendment will also require that any changes in regulations for the GSL Program must be approved by a joint resolution of the Congress. This will provide the Congress with needed oversight ability in a manner that is constitutional. Based on the merits of the proposals contained in H.R. 3700 and its fiscal prudence, I urge my colleagues to support this reauthorization of the Higher Education Act.

BILLS FROM WHICH PROVISIONS OF H.R. 3700 WERE DRAWN

Representative Bedell of Iowa, H.R. 2481, farm assets and student aid eligibility.

Representative Biaggi of New York, H.R. 1198, loan deferral for NOAA officers; H.R. 2711, Fair Financial Aid for Part-Time Students Act; H.R. 2742, Teacher Recruitment and Retention Act of 1985.

Representative Bruce of Illinois, H.R. 2687, loan default prevention; H.R. 3476, National Higher Education and Economic Development Act of 1985.

Representative Burton of California, H.R. 2111, child care services.

Representative Chandler of Washington, H.R. 2758 and H.R. 2805, midcareer teacher training.

Representative Coleman of Missouri, H.R. 2150, Student Loan Collection Improvement Amendments of 1985; H.R. 2199, graduate assistance.

Representative Dymally of California, H.R. 2557, higher education—high school partnerships.

Representative Eckart of Ohio, H.R. 1611, Dislocated Workers Act of 1985.

Representative Ford of Michigan, H.R. 1352, professional resource development centers.

Representative Gallo of New Jersey, H.R. 3371, loan defaults.

Senator Grassley of Iowa, S. 1338, cooperative education.

Representative Green of New York, H.R. 1047, Taft Institute.

Representative Gunderson of Wisconsin, H.R. 1473, title I.

Representative Hawkins of California, H.R. 2907, Institutional Aid Act of 1985.

Representative Kastenmeier of Wisconsin, H.R. 3234, maternity leave.

Representative Matsui of California, H.R. 3190, Higher Education Disclosure Act.

Representative Williams of Montana, H.R. 3446, Student Financial Assistance Equity Act of 1985; H.R. 3475, Adult and Continuing Education Act of 1985.

Representative Wyden of Oregon, H.R. 3249, maternity leave.

□ 1555

Mr. COLEMAN of Missouri. Mr. Chairman, I yield myself such time as I may consume.

Mr. CHANDLER. Mr. Chairman, will the gentleman yield?

Mr. COLEMAN of Missouri. I yield to the gentleman from Washington.

Mr. CHANDLER. Mr. Chairman, I rise in support of this bill, because it holds the promise of helping people build secure and meaningful futures through learning. There is little more we can do in ensuring a sound and vibrant economic future than to build a firm foundation for our country through education. I am especially pleased that this bill includes a provision that would encourage professionals who have reached the middle and advanced points of their careers, to pass on their knowledge through teaching high school students.

When I introduced similar legislation in June, I was concerned that we prepare for the expected 25-percent drop over the next dozen years in the number of young people graduating from college, and look to nontraditional sources for our teachers. That's why I was attracted to the Mid-Career Teacher Program, which uses mid- to late-career professionals with an interest in teaching to improve education at the precollegiate levels.

The program allows individuals with a baccalaureate or advanced degree to be retrained and earn a teacher certification in their area of professional expertise. This innovative approach to teaching was developed by the Harvard Graduate School of Education. Using this successful program as a model, the committee's bill would create a 2-year pilot project to encourage the recruitment of new teachers from nontraditional sources. One educational institution would be chosen from each of the 10 Federal regions based upon competitive application. These programs are intended to train mid- to late-career professionals to become teachers. The institution would be directed to design a program which includes a screening mechanism to choose individuals who would be likely to succeed as classroom teachers. The active participation of classroom teachers would be required as well as followup assistance.

The program would provide desperately needed educators who would present unique experiences from their professional careers and enrich the precollegiate classroom. I am pleased the committee included my proposal in its bill and urge my colleagues to support this bill and its valuable benefits for American education.

Mr. COLEMAN of Missouri. Mr. Chairman, I rise in support of H.R. 3700, the Higher Education Amendments of 1985. This bill amends and extends the Higher Education Act of 1965 from fiscal year 1986 through the end of fiscal year 1991. I personally believe that his bill is the most important piece of educational legislation to be considered by this particular Congress. It should be pointed out that we are now celebrating the 20th anniversary of the signing of the Education Act of 1965 which established the Federal commitment to higher education. This Federal commitment provided grants, work, and loan opportunities which allowed many college students to attend the colleges of their choice, to realize their dreams to attend college as well as graduate school.

At the same time, the Higher Education Act was enacted to provide resources to ensure that our colleges and universities are indeed the very best in the world. This commitment is continued in H.R. 3700.

Since the original enactment 20 years ago of this legislation, the Federal role in postsecondary education has revolved around four prinicpal concepts.

I would like to spend just a few moments on those four concepts. First of all the quality of educational opportunity for students is encouraged with an array of student aid programs that emphasize the educational aspect for low- and middle-income students.

Second, a measure of the student choice among postsecondary institutions through student aid requirements that take into account cost differences between and among various types of institutions.

Third, support for the concept of diversity among America's postsecondary institutions through program eligibility criteria that permit participation in all forms of postsecondary education.

Finally, the meeting of certain special educational needs through a number of categorical assistance programs targeted to such areas as college libraries, international education, and teacher training.

I am pleased to report that these very important concepts are preserved in H.R. 3700 and improved to better meet the contemporary needs of our great system of higher education.

As Chairman FORD noted, H.R. 3700 is the product of a thorough bipartisan effort to reauthorize the programs within the Higher Education Act. I would like to compliment our chairman, BILL FORD, on the leadership he has shown in shepherding H.R. 3700 through the Committee on Education and Labor and bringing it to the floor this afternoon.

I would also like to commend Chairman HAWKINS and the ranking member, Mr. JEFFORDS, for their contributions, and extensive contributions, to this Higher Education Act.

As BILL FORD indicated, last year we sent out requests to 140 different educational associations asking for their input into this process. We had a number of hearings both here in Washington and outside this city, and a lot of informaton was developed which gave us a strong foundation in the development of this important legislation. It should be pointed out that I requested, and others requested the administration to submit their higher education proposal to our subcommittee, and I personally was disappointed that the Department put off sharing their reauthorization amendments until next year in the budgetary process. But using the information that we developed through the hearing and the recommendations, we have come together with many drafting suggestions as well as amendments in the process. I think we have a pretty good bill which passed the full committee 28 to 2.

Obviously, if our only consideration was reauthorization of various pro-

grams, that would be one thing. But we had to face up to the fact that we have a very real financial limitation created by our budget deficit in this country. Therefore, I am proud to say, Mr. Chairman, that the committee has shown considerable restraint in enactng new authorization levels for H.R. 3700.

Furthermore, later on I will offer an amendment, which is what we call a big ticket item; it is going to save some $560 million over the 5-year period of this bill. Chairman FORD is going to join with me in that effort. So I think even further reductions in these programs can come about, we feel in a fair sense, and we will explain those amendments later. I also imagine there would be other attempts on this side of the aisle to reduce some of the expenditures during the floor consideration of this bill. But I think the committee has used and exercised restraint, as I said, in their proposal so far. I will not go into a lengthy discussion of the entire bill, but let me point out some of the important matters which we have concluded. First of all, the allocation formula within the SEOG Program is redefined to ensure that the allocation of new SEOG funds go to individual institutions enrolling students with the greatest financial need for such funds. We are placing emphasis on ensuring that only the neediest of these students receive such grants. We have several cost-saving measures which were adopted within the Guaranteed Student Loan Program in order to try to hold down the price in the escalating cost of this entire program, the only one which is an entitlement program in the bill, the GSL Program.

We have included limiting program eligibility to only those students who have shown financial need. We have a required mulitiple disbursements of loans. We are requiring that loans be disbursed to students by making checks payable to the students but sent to the educational institution to ensure that these funds are going to be used for the purposes we are adopting here today. We have recalled State guarantee agency advances beginning in fiscal year 1988. We are requiring that interest rates increase for 8 percent to 10 percent during the fifth year of repayment on GSL's. We have series of amendments which I sponsored which are designed to reduce defaults and improve collections in the program, a program of loan consolidation which provides students with the opportunity to stretch out excessive debt burdens which they have bullt up through their years in school, in order to allow them a better chance to pay that off and not become defaulters.

Finally, we provided incentives for loan guarantee agencies to make additional efforts to collect on their own delinquent loans.

Mr. Chairman, different areas were looked at to save money in this program. It is very difficult when you consider that 90 percent of the cost of the GSL Program is on loans already out; so what we can affect is the future. We do have a number of students now who are receiving these loans. They have complete access to these loans with lenders today. We felt the fact that we have a structure in place that provides these opportunities was something that we did not want to tamper with. Therefore, we did not affect the yields that various lenders receive on this program. We did, however, I think, make improvements in other areas that I have just mentioned to make sure that we have increased the loan capital available, trying to keep the cost of this program in place. We redefined the independent student to better reflect some abuses that were occuring, and we tried to limit that. We have raised the borrowing rates because we know that the cost of higher education has increased through the years. We have recognized that by allowing third and fourth-year students to borrow more money than is currently authorized under the current programs.

We have made several important changes in graduate education which I will go into later, but I think we have to recognize that we received a report from our former colleague, now president of New York University, entitled "Signs of Trouble and Erosion: A Report on Graduate Education in America." We have tried to respond to that by amendments in title IX which I will detail at that time.

Mr. Chairman, let me say in closing that this is a good bill, it is a bipartisan bill. This side of the aisle has had ample opportunity to provide and support amendments and had many of them adopted in committee. Mr. FORD has been filled with the spirit of compromise throughout this process.

I again thank him for that because we tried to make this a bipartisan bill. Living within the limitations that we have, the budget limitations, I think we have a responsible piece of legislation that we bring to the floor. I am proud to be a cosponsor of this particular piece of legislation.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from Missouri has consumed 10 minutes.

Mr. FORD of Michigan. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. HAWKINS] the chairman of the full committee.

Mr. HAWKINS. Mr. Chairman, since our country's inception, there has been a unique partnership between the Federal Government and higher education which has produced a college and university system unequaled in the world.

As citizens we have profited from this important national investment through economic growth, social justice, civic, and cultural enrichment and security for the Nation.

According to the Carnegie Foundation for the Advancement of Teaching, since 1954, the number of college and university students in the United States has increased from 2.4 million to over 12 million today. Black student enrollment has grown to over 1 million. The number of women in higher education has risen from one-third to more than one-half of the overall enrollment. Now about half of all full-time college students are receiving some form of Federal assistance.

As we debate the merits of this reauthorization bill, we must keep in mind not only how much this bill costs, but more importantly, how much it is worth to our citizens and our Nation. Education is not cheap, but ignorance costs a lot more. We must not let the fact that elements of the law may have been abused lead us to curtail assistance, but we must see how aid to higher education benefits us all, and fine tune the programs so that abuses do not continue.

I believe the bill before us today accomplishes these goals. I commend the chairman of the Subcommittee on Postsecondary Education, BILL FORD, for his outstanding work on this bill. He has spent an enormous amount of time in hearings and meetings guiding this legislation through the congressional process and has continuously shown his interest in and grasp of the subject matter. I would also like to commend our colleagues, TOM COLEMAN and JIM JEFFORDS, for their work on the bill. As ranking members on the subcommittee and full committee, they have left their mark on this legislation.

Under the Higher Education Act, 90 percent of the funds are earmarked for various forms of student assistance. The basic feature of H.R. 3700 as regards student aid is that the committee has continued and refined all the current loan and grant programs. We have rejected, on a bipartisan basis, the administration's efforts to eliminate or drastically curtail many of these programs. Our support is based on nearly uniform testimony before the committee that these programs are indeed working to provide greater educational opportunities for our citizens.

A second major feature of the bill is that we have tried to substantially increase grant assistance, but only moderately increase loan assistance. Our hearings have found that all student aid over the last 5 years has been eroded in terms of its coverage of educational costs. For instance, the average Pell grant in 1979 used to cover 46 percent of the cost of a student's

51-059 O-87-27 (Pt. 24)

higher education. Today it takes care of only 26 percent.

The hearings also found that students are increasingly turning to borrowing through the Guaranteed Loan Program for basic assistance to attend school. The GSL Program was originally meant to be a supplement to the Grant Program, and instead it has become the basic program of aid for all students, including the poor. This has resulted in many students completing their higher education only by assuming crushing loan burdens.

H.R. 3700 also seeks to correct certain problems by substantially increasing the maximum amounts for Pell grants, supplemental educational opportunity grants, and State student incentive grants. The bill also requires applicants for loans to seek eligibility for grants first.

In addition to trying to correct the current imbalance between the use of grants and loans, H.R. 3700 also seeks to simplify the process of applying for student aid.

The last major improvement as regards student aid is that H.R. 3700 proposes to preserve the integrity of these programs through a series of provisions encouraging prompter payment of loans and discouraging defaults. We must make the greatest possible efforts to discourage defaults and to collect defaulted loans in order to maintain popular support of these programs for the benefit of all students.

The remaining 10 percent of aid under the act is earmarked for a series of programs to improve the quality of education at institutions of higher education. For instance, graduate programs encouraging enrollments of minorities would be modestly expanded to help improve the underrepresentation of minorities at the graduate level.

Finally, I am also pleased that a major improvement has been made in the title III program for developing institutions, along the lines suggested by a bill Senator SIMON and I authored, the Institutional Aid Act of 1985.

The revised title III ensures that historically black colleges and universities, as well as other institutions serving minority populations, get their fair share of the limited funding available for educational assistance. The changes made will strengthen quality, access and choice in higher education institutions which serve low income and minority students, it will strengthen the curriculum and libraries in these institutions and will assist endowment development.

In conclusion, H.R. 3700 represents a momentous commitment to the education of our citizenry and to the security and stability of our country and therefore should be fully supported.

□ 1610

Mr. COLEMAN of Missouri. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. GOODLING].

Mr. GOODLING. Mr. Chairman, first of all I would like to congratulate Chairman FORD and Mr. COLEMAN, the ranking Republican on the Postsecondary Education Subcommittee for the outstanding job they did in bringing this bipartisan bill, H.R. 3700, to the floor of the House of Representatives. I feel that it represents a reasonable balance between the need to control spending and the need to provide student assistance for postsecondary education in this country.

Since other Members have gone into detail on the background of this legislation and the major changes which have evolved from the committee consideration of H.R. 3700, I would merely like to highlight some of my special interests and concerns. First of all, I have worked closely with the chairman in developing a fair and reasonable amendment dealing with the problems created by lenders and institutions which have abused the program either willingly or unwillingly and in the process have not only damaged the reputation of the Guaranteed Student Loan Program, but have hurt both students and the taxpayers. In particular, my amendment would merely close the circle by requiring a national response to a potential abuse in the program discovered by a guaranteed agency. For example, under current law and under the current provisions of H.R. 3700 we have no assurance of a national response when a guarantee agency in a particular State takes a "limitation, suspension, and/or termination" action against a lender or institution which has violated program regulations and its program participation agreement.

My amendment requires the Secretary of Education to take action within 60 days upon notice of a guarantee agency's implementation of an LS&T procedure. Such an action would prevent institutions which have been found in violation of the laws and regulations of the Guaranteed Student Loan Program from ignoring a State action by seeking a national lender and/or guarantor. I have received a concrete example from my own State agency, the Pennsylvania Higher Education Assistance Agency, which demonstrates the need for this amendment.

At the same time I agree with Chairman FORD that we must continue to provide due process for lenders and institutions in the GSL Program. My amendment accomplishes that goal. My amendment is not designed to penalize any entity, but rather to protect students and taxpayers from poorly administered or even fraudulent institutions and/or lenders. No one operating a good program in good faith will have any problems with this amendment. At the appropriate time during the 5-minute rule I plan to discuss my amendment in greater detail.

I would also like to call attention to a provision in title V of this bill dealing with the requirement for a State task force on teacher training. We are all well aware that there has been such a grassroots revolution occurring in the field of elementary and secondary education in general, including teacher training. I want to ensure that States which have already taken substantial efforts in complying with the statewide activities envisioned under section 571 of H.R. 3700, are not required to duplicate their efforts. Therefore, I will offer an amendment to provide for a waiver of the provisions of section 571 when the Secretary of Education determines that such activities are unnecessary in light of State initiated activities.

Although I share concern over increasing costs in any program, I am pleased that H.R. 3700, when compared to the extension of the current authorization levels, more than meets the tests of fiscal responsibility. Since this is an authorization bill and not a budget reconciliation action or an appropriation measure, I do not think the committee can be accused of bringing a budget buster to the floor. For this reason, I feel that this bill deserves bipartisan support.

Mr. FORD of Michigan. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. GAYDOS].

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. GAYDOS. I yield to my colleague, the gentleman from California.

Mr. MILLER of California. I thank the gentleman for yielding.

Mr. Chairman, I rise today in support of H.R. 3700, the higher education amendments of 1985. I would like to commend my colleague, Congressman FORD, and the other members of the Education and Labor Committee for their diligence and thoughtfulness in developing this important piece of legislation.

I am especially pleased that the committee has recognized the importance of child care in enabling low-income parents to further their education, and therefore increase their ability to provide for their families; and that the committee has included a section of my legislation, H.R. 2867, the Child Care Opportunities for Families Act, in the bill before us today.

I also commend the gentlelady from California, SALA BURTON, for joining me in sponsoring similar legislation.

This section authorizes $15 million in grants to institutions of higher education to be used for child care vouchers or the purchasing of slots in li-

censed child care programs for low-income and first-generation college students.

A full 80 percent—over 2 million—of single mothers with children under 6 live below 150 percent of the poverty level. These women are in particular need of additional educational opportunities to enable those on welfare to gain economic self-sufficiency, and to help others maintain and improve their economic stability. Without access to child care services, their ability to attend school is limited, and their chances of succeeding are reduced.

This bill substantially reduces the barriers faced by low-income parents who wish to impove their lives, and the lives of their children.

I would further commend Chairman FORD for expanding the definition of the standard of need used to determine the amount of student aid to better reflect reality, by including child care costs. Child care is a major family expense—costs range from anywhere under $50 per week to well over $100 per week for one child. It has now become a basic need. Without child care, many parents would be unable to provide the other basics such as food and shelter for their children.

Mr. Chairman, I urge my colleagues to vote in favor of H.R. 3700.

Mr. GAYDOS. Mr. Chairman, the bill before us, H.R. 3700, the Higher Education Amendments of 1985, is a carefully crafted measure that seeks a balance between the needs of institutions of higher education, the students attending or planning to attend those colleges and universities and the national concern for staying within some reasonable budget guidelines.

H.R. 3700 meets all of those critical needs. It revamps key elements in student aid programs, such as the elimination of the 5 percent origination fee, an increase in the amount of Pell grants as well as the amount a student can borrow under the Guaranteed Student Loan Program. It includes provisions that we expect will provide a fairer means of evaluating the contributions of students and their families toward a postsecondary education and more clearly explains how a student's need is determined.

What's more, the bill addresses the concerns of nontraditional higher education students—veterans, displaced homemakers, workers in need of retraining because of job losses and so forth—who attend on less than a full-time basis, but are in as much need of assistance as full time students.

Also, the bill eliminates a number of programs and provisions that have been unfunded in recent years or that have become obsolete, cleaning up language and insuring that appropriated funds will be spent on program activities that will result in more benefit.

The bill also restructures assistance to institutions so that those in most need are eligible for the most aid, especially for historically black colleges, community colleges, and other institutions which assist special students.

And, finally, the bill contains a number of changes which should significantly reduce the total amount authorized for higher education programs as compared to current law. In fact, it is estimated that the total authorization for H.R. 3700 for fiscal year 1987 is more than $1 billion less than the amount authorized under current law for fiscal year 1986.

This bill has the overwhelming support of the higher education community, received the overwhelming support of the Committee on Education and Labor, and is deserving of your overwhelming support as well.

It was no easy task to draft this package of reforms and revisions that will improve Federal assistance to students and institutions in higher education and the chairman and staff of the Subcommittee on Postsecondary Education are to be commended for their diligence and effort.

Thousands of pages of testimony, reports, and other materials were submitted to the subcommittee during the course of its more than 30 hearings in Washington and around the country. Virtually every organization in the higher education community as well as representatives from many individual colleges, universities, community and junior colleges, and proprietory schools had the opportunity to submit their views.

The final product is a well tuned document that seeks to meet the needs of students, institutions, and others without adding to an already bulging budget deficit.

In addition to improvements in the Pell Grant Program and the Guaranteed Student Loan Program, special consideration was given to refining the Supplemental Educational Opportunity Grants [SEOG], College Work Study Program, and National Direct Student Loans.

Further, recognizing the need for attracting more and better young people to the field of teaching, this bill includes an option for those who plan to teach after graduation to defer the payments on their student loans for up to 5 years.

H.R. 3700 blends concern for individual student needs with those for institutions. At the institutional level, funds are to be available for construction and renovation of facilities, continued development of college library programs and for the improvement of postsecondary education.

On the individual level, beyond the improvements in the Pell Grant and loan programs, the bill authorizes funds for graduate programs, continuing education programs which assist adults in bettering their skills or learning new ones, trio programs which focus assistance for disadvantaged students, and teacher recruitment, retention and development including mid-career teacher training programs.

Overall, H.R. 3700 does what it sets out to do: Improve Federal Assistance to students attending and planning to attend higher education institutions, provide assistance to institutions of higher education at all levels—small and large, private and public, and 2- and 4-year colleges and universities, and keep within some reasonable budgetary limits.

This bill does it and, therefore, deserves our full support.

Mr. FORD of Michigan. Mr. Chairman, I yield such time as he may consume to the gentleman from Kentucky [Mr. PERKINS].

Mr. PERKINS. Mr. Chairman it is a real pleasure to be able to stand here today on the floor of the House of Representatives and express my strong support for H.R. 3700. This legislation will help to improve the accessibility of a higher education for all Americans who seek it.

This bill has been benefitted by strong bipartisan support throughout the committee process. Also the number of hearings that the distinguished chairman of our subcommittee has held shows the true desire for this to be a complete and thorough examination of this area of the law. I feel confident that the bill that we have reported out to the House is a solid, economically sound piece of legislation that will serve the higher education community well in the coming years.

There are many important and involved parts to this bill and I am here in support of the legislation as a whole. We address the default rates, the GSL Program, Pell grants, campus-based programs, and many other important programs that serve higher education. Also it is a real honor to be part of the process that will rename the NDSL Program the Carl D. Perkins National Direct Student Loan Program. This program is designed to help those that are most deserving. This was a real concern of my father's and I am sure that he would agree with the positive steps we have taken in this and other programs in this reauthorization.

I urge the passage of this bill for the sake of all our future's. This world is changing at an ever increasing rate and we need to continue the efforts to improve our schools and those mechanisms that we have created to help our children reach their goals and fulfilling the dreams of their youth. We don't have the luxury of skipping over this generation with the hope that we will catch them up somewhere down the road. Other countries are passing us by in the area of education, and training in technical skills. These foreign competitors are not going to wait around for us to catch up with them. They will continue to raid our markets and drive out American products because they will be on the lead-

ing edge of technology with the best and the brightest workers.

Many foreign nations can't understand how we in the United States can allow the talents of our young people to be lost simply because they can't affort to go to school. Of all the areas that we should place the highest priority on it should be our continued support of an educational opportunity for everybody. This legislation is commitment in the right direction. Without this commitment to excellence then how are we to remain a strong and free nation?

I ask you to support this bill and to support the futures of every generation that takes part in the educational process. Vote yes and pass H.R. 3700.

Mr. COLEMAN of Missouri. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. GUNDERSON].

Mr. GUNDERSON. Mr. Chairman, let me begin, as so many have and as so many to follow me will, by commending our distinguished chairman of our subcommittee and our distinguished ranking minority member. They have been the leaders in promoting a bipartisan reauthorization, something that our subcommittee had difficulty establishing and achieving in the past but under their leadership and their sincere cooperation we have moved in that direction this session.

I would like to spend my time focusing on a couple of areas that I think are most important. And let us understand that whenever we talk about a reauthorization, what we are focusing on is taking present law and updating it to meet the present needs.

I would suggest the legislation in front of us is the most important piece of legislation for our higher education community for this decade and probably for the rest of the century, because what we are trying to do in an era of limited resources is to respond to the very unique and important essential needs challenging the higher education community and our work force.

In particular, one of the areas, the first area, the first title of the bill, becomes very, very important, title I. Through legislation that I offered and legislation that was offered by the gentleman from Montana [Mr. WILLIAMS] and the combination of our particular pieces of legislation, we have been able to come up with what we believe to be a very essential and viable title I program that focuses upon the adult, the nontraditional student.

In particular, in this area what we are trying to do is to provide through competitive grants the opportunity for, No. 1, our colleges, through on-campus programs, and No. 2, in off-campus programs, taking education to the workers. No. 3, through research, trying to determine exactly what are the needs of the nontraditional adult student. And, No. 4, the whole area of training for personnel involved in teaching the nontraditional student we are trying to tell our higher education community and assist them in the recognition I think they already have that, by 1990, 47 percent of our student body will be consisting of nontraditional students. It is time we take our Higher Education Act and respond in this particular way.

A special commendation in this area, in my opinion, has to go out to my good friend, the gentleman from New York [Mr. BIAGGI], because he is the gentleman through title IV who has offered all of the amendments that deal with the nontraditional student, part-time or less than part-time student in title IV of the bill.

The second thing that I was very involved with in this particular piece of legislation, along with the gentleman from Minnesota [Mr. PENNY], was trying to determine what exactly ought to be the definition of an independent student in determining eligibility for financial needs. We started with the age of 22. We then looked at 24. During the committee process, through our efforts, we brought that down to 23, provided no other criteria are considered which would make you eligible under other grounds. What we are trying to do there is not only deal with the difficult process of coming up with a formula but also deal with the very important need of determining that age at a level that does not automatically exclude thousands of students who have been working and now are attending our community colleges.

Mr. Chairman, first I would like to take this opportunity to commend the chairman of the Postsecondary Education Subcommittee, Mr. FORD, and the ranking minority member of the subcommittee, Mr. COLEMAN, for their diligent efforts on behalf of this Nation's students and its institutions of postsecondary education. During the past year, the subcommittee conducted 35 hearings on the reauthorization of the Higher Education Act, receiving the testimony of 352 witnesses, accounting for 115.5 hours of testimony. And, this was just the amount of time and effort put into the hearing process alone, not to mention the number of staff hours and preparation that has gone into this reathorization bill.

H.R. 3700 represents a bipartisan approach to updating and improving the Higher Education Act. The bill reaffirms the Congress' strong commitment of support for postsecondary education and equal educational opportunity for all citizens.

At the same time, the committee-reported bill also provides for a number of changes that have the effect of reducing program costs without adversely affecting truly eligible, needy students. At a time when the budget deficit is reaching over $200 billion in fiscal year 1985, and the national debt will reach $2.079 trillion next year, we must look for areas in which we can achieve savings in all federally funded programs.

Several of the provisions contained in H.R. 3700 which will result in savings are: The mandatory multiple disbursement of guaranteed student loans [GSL's]; incorporation of a universal needs analysis in determining student aid eligibility; a requirement that interest on GSL repayments increase from 8 percent to 10 percent in the 5th year of repayment, when the ability to repay has increased; a series of provisions that will prevent student loan defaults and aid in collection; and a tightening of the definition of the independent student for the determination of student aid eligibility.

This last savings provision mentioned regarding the definition of the independent student, was of special interest to me during the Education and Labor Committee's consideration of the reathorization bill. While many within the higher education community agreed that some age limit should be set to aid in identification of truly independent students, there was controversy over what that age limit should be—and concern that those students who fell below that age cutoff, but were truly self-supporting, would be eliminated from participation in Federal student financial assistance programs.

In response to these concerns, I offered an amendment during full committee consideration of the bill, which I feel appropriately addresses the independent student question—identifying those students age 23 and older as independent—most of whom have graduated from the traditional 4-year institution by this age—and providing that those students under age 23 who provide documented proof of total self-support for the previous 2 years before entering school are determined independent as well. This additional definition of the independent student is particularly important for community colleges and postsecondary technical institutions, whose students oftentimes have been totally self-supporting for a number of years prior to age 23.

H.R. 3700 also provides for improvements in other areas of the Higher Education Act. While major emphasis has been placed on title IV—student assistance programs—a priority of the reauthorization must be to bring the act up to date with current facts and trends in the higher education community.

One such trend, which is quite apparent, is the shift of the college population toward the older student.

Title I of the bill, addressing the need for continuing education for the adult learner, was renamed "Postsecondary Programs for Nontraditional Students." This newly written title accurately recognizes the need for change in how we meet the needs of older, nontraditional students (those beyond the traditional college ages of 18–22).

The importance in meeting the special needs of the older student has increased in recent years. These individuals already represent 41 percent of the college and university population. From 1973 to 1983 enrollment for older students increased by 70 percent. Recent studies estimate adult

learners will represent 50 percent of the national student body by 1991.

Contributing to these changes in the student population has been the fact that America is in evolution economically, demographically, and socially. Economically, the impact of technology has been everpresent. The computer industry alone has grown 600 percent over the last 10 years. Society is evolving toward a service-oriented, information economy—replacing the traditional, manufacturing/industrial society. The average high school student graduating today will have four careers in his or her lifetime.

Demographically, the baby-boom generation is coming of age. As a result, the overall population is getting older, and all of these individuals are or will be in need of training, retraining, and skills improvement.

Finally, America is changing as a society. Socially, the changes in family structure and increased number of women working outside of the home, particularly those who are single heads of households, has been extensive.

When looking at the future of our education system, we must address these changes and recognize that education is a lifelong process, and the Higher Education Act must meet these inherent challenges.

Title I of H.R. 3700 authorizes $30 million to be spent for: First, 4-year institutional grants to aid in establishing and/or strengthening programs to meet the continuing education needs of adults—including special services such as child care, counseling, off-campus outreach, and so forth; second, 4-year off-campus grants—to assist in development of off-campus outreach programs—using technology-based delivery systems; and third, 3-year grants to provide in-service training for adult and continuing education instructors. $5 million is also authorized under title I for evalution of ongoing programs and research grants to study the needs of older students.

Enactment of this new title I—along with included revisions in student financial aid opportunities for non-traditional students will assist higher education institutions to get on track in meeting the needs of this important group.

Another, not-so-positive trend in higher education is that of increasing college costs. While estimates in terms of exact percentage points vary, it is agreed that college tuition has increased dramatically in recent years.

One study conducted recently determined that tuition has risen more than 50 percent over the last 4 years. And further statistics indicate that the total cost of college, total cost including tuition and fees, books and supplies, room and board, personal expenses, and transportation, has increased by 55.8 percent over the past 5 years on the average in the Nation's public 4-year institutions, and by 58.8 percent in the Nation's private 4-year schools.

The cost of going to college is rising at nearly twice the estimated rate of inflation—the Consumer Price Index. This year alone, at the country's 4-year public institutions, tuition and fees alone will average $1,242, up 9 percent over 1984–85—with total costs averaging $5,314, up 7 percent over 1984–85. At the Nation's 4-year private institutions, tuition and fees alone average $5,418 this year, up 8 percent over 1984–85—with total costs averaging $9,659, up 6 percent over 1984–85. And, all of this follows 3 years of double-digit increases.

It has been predicted that if costs continue to rise at 7 percent annually through the year 2000, the total costs—on average—at the Nation's 4-year public institutions could be as high as $13,000 per year—and as high as $25,000 per year at the 4-year private schools. Using a 12-percent indicator, which is unfortunately not unrealistic, these numbers could go as high as $27,000 per year in a public and $47,000 per year in a private institution (on average) by the year 2000.

The big question is, How do we solve these problems of escalating higher educational costs? H.R. 3700 requires the Secretary of Education to conduct a study on the causes behind these increasing costs, their effects on students, as well as institutions, and requires the Secretary to report back to Congress, within 2 years of the date of enactment, the study's findings and recommendations.

This study is by no means the answer to the problems of skyrocketing college costs; however, it is a first step to addressing this mounting problem at the national level. Short of cost containment—which no one really wants to see put in place and which could have damaging effects on higher education in this country, we must find solutions to the problems causing these escalating costs, before all but the rich are priced out of attaining a quality higher education. This is surely an issue to be dealt with in the future as we continue to meet the educational needs of our Nation.

Mr. FORD of Michigan. Mr. Chairman, I yield such time as he may consume to the gentleman from Wisconsin [Mr. KASTENMEIER].

Mr. KASTENMEIER. Mr. Chairman, I would like to take this opportunity to thank the members of the Education and Labor Committee for their work on this important bill, and to thank Chairmen HAWKINS, FORD, and WILLIAMS for their assistance in insuring that a previously unknown problem with current student loan regulations was addressed in the bill.

Earlier this year one of my constituents, a University of Wisconsin preengineering student, Karen Jolly, went to a local Madison television consumer advocate reporter, Bob Richards of channel 15, with what she felt was a case of discriminatory treatment in the Student Loan Program.

Karen, who had been able to maintain the 3.5-grade point average required by Wisconsin's Engineering School of undergraduates, was expecting a baby in late September and was told by her doctor that she would be required to take at least 6 weeks off school to have the baby and recover from delivery. She applied for a deferment of her student loan only to be denied on the grounds that her medical condition did not meet Department of Education guidelines which only grant deferments to students who are "ill or injured" or whose spouses are "ill or injured." Since the Department did not consider Karen's condition as an "illness or injury," she was denied a deferment. The result was that she was required to begin paying back her student loan, at the same time that she was on a student loan.

As many of us are aware, the complexion of student bodies in colleges and universities around the country have changed considerably in recent years with a substantial increase in older people returning to college or beginning their studies later in life. Many of them are married and in positions similar to Karen's.

After the Department of Education declined to consider changes in its policy in this respect, I introduced H.R. 3234 to change current law to allow for parental leave in such cases.

My colleague and friend, BILL FORD, chairman of the Subcommittee on Postsecondary Education, took an active interest in this issue, as did Chairman PAT WILLIAMS of the Subcommittee on Select Education, and Chairman HAWKINS. With their support, a provision was added to H.R. 3700 to provide for limited parental leave for students so that others will not have to give up their studies or bear additional financial pressures when they are trying to complete their education.

I would like to extend a special thanks to them and the other members of the committee who recognized the problem and actively worked on a solution.

Mr. FORD of Michigan. I thank the gentleman. And local problems can be taken care of if the person bringing it to our attention carries the respect and admiration, as the gentleman from Wisconsin does, by the members of my committee, who were quick to respond when I told them it was the gentleman's idea.

Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. DYMALLY].

Mr. DYMALLY. Mr. Chairman, there are many reasons to be proud of the work that the Subcommittee on Postsecondary Education and the Education and Labor Committee have now completed on the reauthorization of the Higher Education Act. I believe Mr. FORD and Mr. COLEMAN convened as thorough a set of hearings on higher education as has ever been convened. Over 30 hearings were held and all sides had ample opportunity to make their views known. The clean bill being debated today reflects the work of all subcommittee members

during the markup, and I believe it is a bill that all members of the subcommittee cosponsored with confidence and conviction.

I have been concerned during my time in the Congress that the process of passing money bills, budget bills, has so usurped our time and concentration that we have often been forced to let the passage of such bills serve as our policy vehicle. That is, we have often let monetary concerns dictate programmatic policy. In the end such a practice weakens programs because it fails to separate two considerations which ought to be separate considerations. That is, this practice fails to separate the question of what should be done in a given program area from the question of how much money should be spent doing it. Congressional committees are separated into authorizing and appropriating committees just so that there will be a separation between money consideration and policy considerations.

I am happy to say that the Subcommittee on Postsecondary Education has looked carefully at policy considerations. The subcommittee has fashioned a bill that, within the limits of fiscal considerations that restrain us all, will benefit the range of activities in higher education for the rest of the decade. When I say that money and policy considerations should be made separately, I do not mean that policies should be put forth which are out of fiscal reason. In determining policy for the Federal role in higher education, the Postsecondary Education Subcommittee has fulfilled its charge to set proper policy, but it has carried out its work cognizant of the fiscal restraints that now bind all Federal activity.

The reauthorization which the Education and Labor Committee has forwarded to the House is not a budget buster. The programs that it would authorize can be carried out for no more money than is now being spent by the Federal Government for higher education. The essential thing to keep in mind is that the subcommittee has fashioned policies that will serve higher education well for the rest of the decade.

I am honored to have worked on this bill and proud to be a cosponsor of it. All of us, I think, have provisions that we would like to have seen placed in the bill. I, for example, think that proprietary schools, which are like community colleges in that they have 1- or 2-year programs, but are unlike these institutions in that their costs for this short period may be very high, should have been dealt with independently in the financial aid section. They fit neither the mold of community colleges nor the mold of 4-year institutions, but they educate significant numbers of minority and women students who will have this proprietary school degree as their highest degree. But in every effort to reach accord compromises have to be made.

I want to praise the spirit of compromise, of working together, which has brought this bill to the House floor.

I commend my colleagues and the staff members involved in this monumental task. It is a task which was accomplished in a spirit of single-minded concern for the well-being of higher education in America. It is a good bipartisan bill and deserves the unanimous support of this Congress.

Mr. FORD of Michigan. Mr. Chairman, I yield such time as he may consume to the gentleman from the District of Columbia [Mr. FAUNTROY].

Mr. FAUNTROY. Mr. Chairman, I rise in support of H.R. 3700, the Higher Education Amendments of 1985.

The Higher Education Act, Mr. Chairman, was originally intended as an attempt at providing postsecondary educational opportunities for all persons. With the knowledge that only with educated citizenry can a democracy grow and prosper, we attempted to provide postsecondary educational opportunities for all, regardless of race, sex, creed, or financial status.

We are now called upon again to continue our commitment to higher education as well as to address the various challenges that currently face our society. They include the changing composition of many students in higher education to include veterans, the worker in transition, displaced housewives, and many others who do not fit the mold of the traditional student. Our goal must be to help these students as they equip themselves for their new roles in our society. These challenges to our system of higher education are conditioned by the changing structure of the American economy which is now forcing thousands of workers out of the agriculture and the manufacturing sectors and into service and technological areas.

Our changing economy requires persons with greater skills more so now than ever before and H.R. 3700 will enhance the ability of members of our society to gain those necessary skills. Without the Higher Education Amendments of 1985 many in our society would be unable to make the transition required by the rapidly changing national and international economy.

I believe H.R. 3700 meets this challenge of transition as it addresses its five basic goals:

It seeks to advance the goal of equal educational opportunities for all by making improvements in existing programs. It addresses, for example, the decline in the representation of the maximum Pell grant award from 46 percent of the average cost of attendance at an institution of higher education in 1979 to 26 percent in the 1984–85 academic year.

It seeks to provide increases in the Pell grant, supplemental educational opportunity grants, and State-student incentive grants, eliminating concerns that these programs are currently insufficient. It does so by requiring that students establish their Pell grant eligibility prior to borrowing through the Student Loan Program.

It seeks to make more equitable the system of appraising individual income for the purpose of awarding these grants. It provides, for example, for more reasonable income allowances which determine the amount of income available to sustain family living and the amount of income remaining for educational expenses.

It further seeks to simplify the awarding process prompting those to apply who would otherwise be intimidated by the complicated process. For example, it allows corrections on Pell grant applications to be made on individual campuses.

Finally, in an effort to make the Higher Education Act more beneficial and efficient, H.R. 3700 eliminates several unfunded programs and provisions which are obsolete. It also brings under the auspices of the Higher Education Act the authorities for the College Housing Program, the Minority Institutions Science Improvement Program, the Science and Engineering Access Programs and the Leadership in Educational Administration Development Program.

Mr. Chairman, I believe, as in the words of President Johnson, that:

Nothing matters more to the future of our country: not our military preparedness—for armed might is worthless if we lack the brain power to build a world of peace; not our productive economy—for we cannot sustain growth without trained manpower; not our democratic system of government—for freedom is fragile if citizens are ignorant.

Mr. Chairman, I close encouraging my colleagues to support H.R. 3700 as an investment in the future stability of the American economy.

Mr. COLEMAN of Missouri. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. BARTLETT].

Mr. BARTLETT. Mr. Chairman, there have been a lot of hearings and a lot of words spoken, but the fact is that in terms of aggregate spending for this year and next year and for the total number of years in this bill, this is one of the least debated and perhaps the least understood pieces of legislation this session. In fact, this bill will be known as one of the biggest budget busters of this session should it pass and go into law.

I rise in reluctant opposition, reluctant because the committee has made some improvements in current law in higher education, and reluctant because I have a great respect for the ranking minority member of the subcommittee, the gentleman from Missouri [Mr. COLEMAN], and I plan to support one of the amendments that he will be offering to restore the origination fees.

This bill has bipartisan support, in my opinion, primarily at the subcommittee. I oppose this bill for one reason and one reason only, and that is the enormous cost increases over current expenditures that are built

into every single section of this bill. In the aggregate, there is little budget restraint that has been shown by H.R. 3700 at all.

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I call to the committee's attention that this is a year of budget freezes, a year in which every program is judged by a freeze concept over current year expenditures, and a year of near certainty of some sort of a deficit limitation on expenditures for this Government for the next 5 years. I call to the attention of the committee a chart comparing this legislation to fiscal year 1985 appropriations. Mr. Speaker, in 12 out of the 13 programs, they are discretionary programs. They go to the institutions, not to student aid.

If you take those titles which are titles I through III and V through XII, current expenditures are $283 million, and this bill authorizes over $1 billion. This is a 272-percent increase in the first year of $770 million. If you take the total for the legislation as a whole, current expenditures are $9.3 billion. In the first year this bill authorizes $10.5 billion, of which half is discretionary appropriated, and the other half of those increases are entitled and will be spent in certainty.

Even worse, if you look at the outyears, if you look at the total or aggregate spending you see over the life of this bill a 20-percent increase in expenditures over and above the rate of inflation.

Mr. Chairman, I will be offering several amendments; I will mention two of the major ones. One is to restore the loan limits which are put into this bill as an entitlement, thus trying to put in some kind of discipline into cost increases. The other one is simply to freeze discretionary spending in the aggregate for the 11 out of the 12 titles of this bill. Those are discretionary spending programs that are appropriated and that go to institutions, not to students.

There is a temptation, I know, on this House floor not to consider what is in a piece of legislation but to vote only on it based on the title. The title is higher education; we all support higher education. I urge that the Members of this House send this bill back to the committee to urge this committee to come back with a bill that has some budgetary restraint.

Mr. FORD of Michigan. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BIAGGI].

Mr. BIAGGI. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise today, as a cosponsor of this bill and a member of the committee, to lend my voice in support of H.R. 3700, the Higher Education Amendments of 1985.

I first want to pay tribute to our distinguished chairman of this subcommittee and the primary author of H.R. 3700, my good friend and colleague, BILL FORD. Higher education knows no greater friend than this man and higher education has no greater champion than our distinguished colleague. He has steered this bill through 35 hearings during the past year and has produced a bipartisan product, in a craftsmanlike performance, that not only reflects consensus among our committee members, but also reflects consensus in the higher education community.

We should all be proud of the way in which BILL FORD has brought this bill to the floor today for it reflects a reaffirmation of the Federal role in higher education in a way that prepares us for the changing world of the 21st century. I am proud to have worked with him on behalf of a cause that I deeply believe—and a cause that I know is very important to him.

I also want to note the major contributions in H.R. 3700 made by our distinguished ranking Republican, TOM COLEMAN. His efforts enhanced this bill in a number of significant areas, most notably in the area of reducing student defaults and providing equity in the distribution of financial aid dollars to assure continued balance in the distribution of funds among sectors. I commend him for his efforts in these and other important areas. Finally, I want to also note the work of our distinguished chairman, GUS HAWKINS, who demonstrated his customary statesmanship in helping to craft H.R. 3700, especially title III, which will continue to provide important aid to our Nation's developing institutions. I also wish to note the significant role of our ranking Republican member, JIM JEFFORDS, who has left a major imprint on this bill.

Today we consider an Act that is celebrating its second decade of existence. During this period, we have seen the role of the Federal Government grow significantly in the financing and promotion of access to educational opportunity for all citizens.

DECLINING VALUE OF THE FEDRAL STUDENT AID DOLLAR

Consider the fact that in 1966, 68 percent of Federal aid to higher education provided material support to colleges and universities and 32 percent went to students. Today, with H.R. 3700, we have built upon the dramatic reversal of this trend by providing 90 percent of the funds in this act for student aid.

In the past decade, the purchasing power of the student aid dollar has declined dramatically. In testimony before our committee, we learned that the value of student aid has dropped 21 percent since the 1980–81 school year. In the Pell Grant Program, its purchasing power has dropped to the point that the average grant today covers only 26 percent of the costs of attendance—when it covered 46 percent of cost in 1979.

The debt burden at private colleges is especially significant. In a recently released report by the National Institute of Independent Colleges and Universities, it found that after 4 years of college, the debts of the neediest students are larger than their family incomes. This takes into account that families are paying even larger shares of the education bill. Family contributions have risen from 53 percent to 65.5 percent from 1979 to 1983. This is a dangerous trend that has serious implications for the highest cost-schools, particularly in my own State of New York, with an average school tuition bill in excess of $9,000.

We also heard disturbing facts about the increasing dependence upon loans when grants have failed to cover increasing amounts of cost. This has been particularly disturbing for low-income students, who should be receiving the bulk of Federal grant aid. In the late 1970's, only 15 percent of low-income students borrowed, instead relying upon grants. By 1973, 57 percent of this same group borrowed to finance college.

REALIGNMENT OF GRANT AND LOAN MIX

This bill seeks to correct this inequity by revising the current grant loan mix to place a greater emphasis on grants and limit reliance on loans. It provides for a mean test for all students regardless of income—not just those with incomes above $30,000, as in current law—in order to obtain a loan. It also requires students to be means-tested for Pell grants prior to obtaining a loan, which will prevent unnecessary and undue reliance on loans as financial aid of last, not first, resort.

H.R. 3700 also retains existing loan limits of $2,500 annually for college freshmen and sophomores but increases limits to $5,000 annually for juniors and seniors. Limits for graduate and professional students are retained at $5,000 annually except for those at high-cost institutions, where the limit is increased to $8,000. Total undergraduate borrowing is raised over 4 years from $12,500 to $14,500. Graduate and professional students are limited to 5 years of borrowing. As such, under this bill, students could borrow a total of $39,500 over 9 years, or a total of $54,500 over the same time period if they attend a high-cost school.

MAKING A DENT IN STUDENT LOAN DEFAULTS

H.R. 3700 takes strong steps to address a problem which continues to plague these programs: Student loan defaults. This bill in large part, incorporates important legislation authored earlier this year by our colleague TOM COLEMAN, H.R. 2150, which I cosponsored. In enacting these provisions, we have made major steps in addressing

any problems of waste, fraud, and abuse in the student aid programs.

Specifically, H.R. 3700 reinstates the loan consolidation program, requires multiple disbursement of loans, requires all defaults to be reported to credit bureaus, provides for sale of rehabilitated loans to lenders, permits third-party preclaim assistance reimbursement, and extends the State agency period for collecting loans. All total, these provisions provide a savings of some $155 million.

It is important to note that student loan defaults are, on the aggregate, decreasing. In a recently released study by the Pennsylvania Higher Education Assistance Agency, total loan defaults decreased from 10.2 to 9.1 percent, between 1981 and 1983. Yet the problem continues to plague the program, with total outstanding loan volume projected to reach $1 billion by 1985, according to the Department of Education.

I support all reasonable efforts to aggressively pursue defaulters of student loans and to assure that borrowers understand their obligations under the law. I believe that H.R. 3700 makes major steps toward that end.

A FISCALLY RESPONSIBLE BILL

It is important to note that H.R. 3700 provides for major reductions in Federal spending for higher education. This bill reduces total authorizations by more than $1 billion below current levels. This reduction is achieved by preserving the balance in our student aid programs while at the same time making important modifications that will enhance the management of these programs and the students they serve.

The bill provides for a more equitable means of evaluating student need, as well as the expected family contribution. This "needs analysis" system takes into account the changing nature of our postsecondary student population. It recognizes that there are an increasing number of nontraditional students—with obligations beyond the classroom and attempts to address their need in a meaningful way. For women reentering the work force, veterans, middle-age managers seeking to change careers, and dislocated workers, and families with caregiving responsibilities that include children as well as elderly dependents.

Pell grants, the foundation of Federal student aid, are extended and the minimum grant increased to $2,300, with annual increases of $200 until the maximum award reaches $3,100 by 1991-92. Cost of attendance is limited to 60 percent; allowances for dependent students living at home with parents are limited to $1,700 and to $2,300 for all other students.

This bill also reauthorizes the campus-based programs—Supplemental Educational Opportunity Grants, College Work-Study, and the National Direct Student Loan Program—and retains the important balance in the distribution of funds to institutions. SEOG, currently funded at $414 million, is modified to require 75 percent of funds on each campus to be directed at Pell grant recipients. College Work-Study, funded at $595 million, is modified to permit schools to use up to 25 percent of their funds to provide private sector employment and increases institutional matching from 20 to 25 percent, reaching 30 percent by 1991, with waiver renewal by the Secretary of Education. The NDSL Program is renamed after our former distinguished Education and Labor Committee chairman, Carl Perkins, who was its devoted advocate.

CONTINUED FEDERAL ROLE IN RELATED AREAS

H.R. 3700 continues our Federal commitment to institutional development through revisions in title III which assist historically black colleges and also assist other schools which serve large numbers of minority students. I am especially pleased that the new medical school of the City University of New York will in fact be eligible to apply for challenge grants under part C of this revised title.

In an effort to address teacher recruitment, retention, and development, title V authorizes $112 million for programs to address this important segment of our educational work force. The professional development and midcareer training opportunities offered through this title will augment the related provision in title IV, which I authored, that will permit new teachers to receive a 5-year deferment on their student loans.

Graduate programs are strengthened and modified through revision in title IX in recognition of the significant shortfall in federally funded fellowships and traineeships between 1969 to 1981. It was noted, in a 1983 report on graduate education authored by our former colleague on this committee, John Brademas, now president of New York University, that in this time period, the number of fellowships has dropped from 60,000 to 13,000. Title IX has been revised, largely based upon Mr. COLEMAN's bill, H.R. 2199, of which I am a cosponsor, which provides grants to institutions to encourage the best and brightest of our students to participate in graduate education.

In addition, title IX includes a provision which I authored, to permit nondegree-granting institutions to apply for fellowships under this title. It was brought to my attention, by the Museum of Natural History in my own New York City, that a number of graduate students in special areas of study did not have access to important resources in order to conduct their dissertation research. Museums and libraries, while not providing degrees, are an important source of research for these students and this provision assures that these institutions can compete for fellowships, in conjunction with degree-granting schools.

We have also included important disclosure provisions which require colleges and universities to report receipt of foreign gifts in excess of $250,000. I regret that the committee was unable to approve legislation requiring full disclosure for I believe that we have ample examples of foreign governments—whose geopolitical interests are in direct conflict to our own—attempting to buy their way onto our college campuses. Colleges have a moral obligation to disclose receipt of funds from foreign governments, particularly those that engage in hostile and belligerent acts, including sponsored acts of terrorism, against the United States and its allies.

Large numbers of colleges are now moving to divest fully in South Africa because they are rightfully opposed to the policy and practice of apartheid. This divestment has occurred, in large part, because students and administrators find this practice unacceptable and contrary to our own national interests. Clearly, a precedent has been set that colleges do have a public responsibility and H.R. 3700 provides a modest recognition of this fact. The bill does not ban foreign gifts—it merely requires schools to report gifts. There should be little quarrel with schools merely disclosing receipt of foreign gifts—from all governments, including those whose policies and practices are morally repugnant to large numbers of Americans as well as students on those campuses.

Finally, H.R. 3700, reaffirms the Federal commitment to equal educational opportunity for disadvantaged students by extending the "TRIO" programs. I am strongly supportive of these programs for I have witnessed their effectiveness firsthand, most notably at Bronx Community College and Fordham University, both located in my district and both operating programs with proven track records of effectiveness.

IN CONCLUSION

H.R. 3700 reaffirms the Federal commitment to the dual policy goals of equal educational access and educational opportunity. It continues to remove barriers that all students may face in attempting to obtain postsecondary training and recognizes that the student population in this country will remain in a fluid demographic state into the next decade.

Most important, we have sent a signal to millions of future students. We have recognized for them that we continue to place a high priority on a college education. We have continued to recognize that for millions of Americans, their dream of a degree can in fact become a reality.

As the child of immigrants and a law school graduate at the age of 49, I

know firsthand the importance of student aid. I know that for many students, it is the critical difference between educational opportunity and denial of opportunity. This bill deserves our strong support.

Mr. FORD of Michigan. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. HAYES].

Mr. HAYES. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise to join with my colleagues to speak in support of H.R. 3700, the Higher Education Amendments of 1985.

First of all, Mr. Chairman, I want to personally congratulate the gentleman from Michigan, Chairman Ford, and his highly competent Postsecondary Education Subcommittee staff, on the outstanding job they have done in bringing H.R. 3700 to the floor. Also Chairman HAWKINS of our full Committee on Education and Labor is to be commended for his commitment and support for this legislation. The task they have accomplished is indeed one in which they can and should take pride.

After 35 hearings, testimony from 352 witnesses, and recommendations from 105 organizations, we have finally arrived at the point when the entire U.S. House of Representatives can reaffirm the Federal commitment to the goal of achieving equal educational opportunity for the citizens of this Nation. H.R. 3700 is a broad, comprehensive, bipartisan proposal that will ultimately affect millions of American citizens.

Mr. Chairman, it is safe to say that each and every Member of this House has a great deal of concern over the Federal deficit and the spending limitations that that deficit demands.

The reduction in authorized spending contained in H.R. 3700 should be more than enough to meet the demands many of my colleagues have for fiscal restraint.

If they feel so strongly about reducing Federal spending, don't take it out on low- and middle-income America. Take it out on $400 toilet seats, or on company executives that bilk our Government out of millions and millions of dollars. They can also take it out on tax loopholes that cost our Government perhaps billions and billions of dollars annually.

Let me say to those who wish to cut even further—a penny saved today may very well cost you a dollar tomorrow. Keep in mind the facts of present-day America: More and more students are realizing the advantages and necessity of securing a college education and more and more families are finding it economically impossible to afford a college education for their children. I believe that we need to rethink our spending priorities.

Estimates are that we spend over $15,000 per year to house each inmate in a correctional facility. This amount exceeds the cost of education for 1 year at either Harvard or Yale. In fact, on the average, this country spends 2½ times as much money keeping a person incarcerated than on sending a young man or woman to college.

Today, many of our youth are facing the very real prospect of becoming part of what I call a permanent, poverty-stricken underclass of unemployed and unskilled Americans. This is particularly true for minority youth. According to the American Council on Education's [ACE] Office of Minority Concerns in its 1985 status report, minority access to higher education is becoming increasingly limited because of high dropout rates, more rigorous testing and admissions standards, and reduced financial aid.

H.R. 3700 seeks to redress those findings by not only providing a better balance between grants and loans, it also provides upward of $175 million for historically black colleges and universities—institutions which have made unparalleled contributions to our Nation—and indeed the world.

I believe it is incumbent upon each and every Member of this body to support H.R. 3700 without any further reductions. I urge my colleagues on both sides of the aisle to vote "yes" on H.R. 3700.

□ 1635

Mr. COLEMAN of Missouri. Mr. Chairman, I yield 3 minutes to the gentleman from Maine [Mr. MCKERNAN].

Mr. MCKERNAN. Mr. Chairman, ever since the inception of the Higher Education Act some 20 years ago, the real catchword has been opportunity. That is the purpose of student aid, to try to give those who have the ability but do not have the funds the opportunity to get the education they deserve. In 1971 then-President Nixon made the comment that no student who had the ability and wanted to go to college should be denied solely because of a lack of funds.

I want to applaud the chairman of the Subcommittee on Postsecondary Education, as well as our ranking member, for the approach they have taken to this particular bill. They have solicited and received from a wide variety of sources ideas about the reauthorization of this act during hearings not only here in Washington but throughout this country. I think that that is an important aspect of this reauthorization.

A hearing in my State of Maine earlier this fall highlighted both the need for student financial aid as well as the need for improvements in some of the programs. This is especially important in Maine because we have the lowest percentage of high school graduates who go on to higher education. We also have the highest percentage of use of the Guaranteed Student Loan Program.

Witnesses at the hearing in Maine stressed the need for continued commitment at the Federal level to student-aid programs. They also testified on the benefits of increasing loan limits to meet rising costs, enacting cost-savings measures such as across-the-board needs analysis, and return of Federal advances to State guarantee agencies, and perhaps most important, making changes to facilitate the program's use by students taking into consideration the changing nature of postsecondary education.

I want to especially commend the committee as well as its chairman for the changes we made in the loan consolidation program. These changes will be a big step forward in allowing those students who have excessively high indebtedness the flexibility they need to make sure that they can make the repayments on those loans which are so important in their education.

We have also done a number of things that we ought to look at, one of which I was pleased also came out of our hearing in Maine, which was to change the Job Location and Development Program within the College Work-Study Program, to allow 20 percent or $50,000 of the work-study funds be allocated to the Job Location and Development Program. What that will do is foster the kind of partnerships that I think we need if we are going to have the kind of educational system we need in the future.

The cooperative nature of education along with the private sector is really where we need to be moving in this country. The Job Location Program will allow that. In fact, some schools, and schools right in the State of Maine, have had a 12-to-1 and sometimes a 16-to-1 ratio on the return on student earnings compared to the Federal involvement.

Mr. Chairman, that is the direction we ought to be moving in order to give opportunity to our children. The committee ought to be commended, and I want to say how pleased I was to be a part of it during this reauthorization period.

Mr. FORD of Michigan. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. PENNY].

Mr. PENNY. Mr. Chairman, I rise today to join with my colleagues on the education and labor committee in support of H.R. 3700. I first want to take this opportunity to commend the distinguished chairman of our subcommittee on his unyielding dedication to higher education and the rewriting of this act.

Since the start of this session of Congress, an intensive, well-planned reauthorization process has unfolded. It has provided ample opportunity for

all interested to air their ideas on how we can best provide an even better system of higher education for America. The bill before us today is both comprehensive and creative.

This bill reflects necessary fiscal concerns without sacrificing the quality we should expect from these vital education programs. This legislation truly "goes the distance" in renewing and refining higher education programs at authorization levels well below those contained in current law.

I am especially pleased that this bill recognizes a changing phenomenon that is occurring on our campuses. Part-time, nontraditional students are the fastest growing segment of postsecondary education. The bill before us takes sincere strides toward assuring access and choice to nontraditional students by making certain financial aid programs available to this student population.

I am happy to vote in support of the higher education amendments within H.R. 3700.

Mr. COLEMAN of Missouri. Mr. Chairman, I yield 2½ minutes to the gentlewoman from Nebraska [Mrs. SMITH].

Mrs. SMITH of Nebraska. Mr. Chairman, I thank the gentleman for yielding this time to me, and I rise to commend the chairman of the committee, the gentleman from Michigan [Mr. FORD], and the ranking minority member, the gentleman from Missouri [Mr. COLEMAN], for their dedicated leadership.

Mr. Chairman, H.R. 3700, the Higher Education Amendments, embodies several good proposals to affect the way the Federal Government administers aid to higher education. I am less happy, however, with other provisions of the bill, In particular, I am deeply concerned with the impact the title III, part A institutional aid provisions of the Higher Education Amendments will have on the ability of colleges in my district to receive institutional aid from the Federal Government.

Part A of title III of this bill provides that $45.7 million of the $175 million authorized for institutional aid for fiscal year 1987 in this bill would go to minority institutions. This leaves approximately $129.3 million left for all other schools. The bill further provides that at least 30 percent of the $129 million be set aside for junior and community colleges. Thus, approximately $90.51 million is left open for all other schools that qualify for title III money. Of course, that $90.51 million will only be available in the unlikely event that the full amount authorized in this bill will be appropriated.

Now, I recognize the importance of providing sufficient Federal money to bolster the academic and economic stability of these institutions. H.R. 3700, however, could accomplish this goal without relying on the set-aside provisions of title III. The formulas within the bill automatically target the money to the most needy. The only consequence of the set-aside provisions will be to sharply restrict the ability of many needy schools to compete for scarce Federal resources. I think that competition among schools for Federal money should be on the basis of merit and need.

Colleges in my district of Nebraska are having a very rough financial time right now. The State government is not likely to be able to increase funding levels to aid these schools because of the deteriorating state of our farm-based economy. One of the few hopes left for our colleges has been title III institutional aid. Unfortunately, because of the manner in which title III is reorganized in this legislation, the door to financial aid will all but be slammed in the face of these institutions. Where is the equity in that?

I know many of my colleagues share these same concerns, and I hope that during conference with the other body, this inequity in H.R. 3700 can be addressed.

The CHAIRMAN. The gentleman from Michigan [Mr. FORD] has 7 minutes remaining, and the gentleman from Missouri [Mr. COLEMAN] has 5½ minutes remaining.

Mr. FORD of Michigan. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. OWENS].

Mr. OWENS. Mr. Chairman, I think that there is no legislation of greater importance than H.R. 3700, the legislation which we have before us.

We spend a lot of time and appropriate huge sums of money—megabucks—for weapons that we at the same time hope we will never have to use, weapons that we are certain will be obsolete in a short period of time. When we appropriate money for higher education, we are contributing to the brainpower pool of our Nation, which is the best kind of effort for our long-term security, whether we are going to have to go to war or whether we are going to have to live in a world in which there is tremendous peaceful competition.

□ 1645

To win that peaceful competition, we must have the best possible brain power.

I want to congratulate the chairman of the subcommittee, the gentleman from Michigan [Mr. FORD] on a magnificent job of legislative engineering, human engineering, engineering of special interest groups, whatever you might call it, a magnificent job where maximum opportunities were given to all parties, all segments in all parts of the country to be heard and to have input on this bill.

Some of the items that have not been mentioned so far which I think are laudable in this bill is the recognition that it gives to the importance of academic libraries and the interdependence of those libraries, providing incentives for those libraries to cooperate among each other so that the best resources that we have are shared with the smallest institutions in the Nation. It also provides for an introduction of new technology for information processing and new technology for information retrieval. That is very important in a world which is already in the information age.

It also gives special recognition in title III to the historical black colleges and their needs and the needs of other minority institutions. I think it is to be commended for this, because these are institutions which have played a major role during a very difficult period of American history in nurturing black leadership and nurturing minority leadership, and they deserve the help that is being given in this particular legislation. These colleges have played a major role in the past, and as you watch their enrollment now and see the large numbers of Third World students that they are enrolling, you can understand the possible role they may play in the foreign policy of the country in the future. If we have a more enlightened foreign policy where we put a great emphasis on giving aid for education to Third World students, a large number of these students will be enrolled in these same colleges and they can perform additional functions.

So in conclusion, Mr. Chairman, I would like to say that this is the most effective and efficient way to promote national security, to give the top priority, the highest priority, to our higher education institutions, and to understand that there is an escalating number of people who will be going to college, both the nontraditional students and the traditional students, and that our best hope is that we can get the maximum from the available by providing this support.

Mr. COLEMAN of Missouri. Mr. Chairman, I yield 5 minutes to our ranking member, the gentleman from Vermont [Mr. JEFFORDS], a leading member of our committee and one who had a great amount of influence over the final product.

Mr. JEFFORDS. Mr. Chairman, H.R. 3700, the Higher Education Amendments of 1985 has evolved as a bipartisan piece of legislation. I am pleased to be a cosponsor of this bill and I wish to congratulate the two Members most responsible for this successful legislative effort, my colleague from Michigan, Mr. FORD, the chairman of the Postsecondary Education Subcommittee and the ranking Republican from Missouri, Mr. COLEMAN. I feel that the committee acted responsibly by attempting to achieve a

balance between contradictory forces—the concerns of the higher education community, including students and parents faced with escalating costs of postsecondary education, and the concerns that we all share a nation over the mounting Federal deficit.

I believe that H.R. 3700 reaffirms the strong Republican commitment of support for postsecondary education and equal educational opportunity for all citizens. H.R. 3700 continues this fine commitment of meeting the important educational needs facing our country. This bill focuses on strenghthening the most important component of the Higher Education Act, student financial aid, while at the same time providing many new initiatives in the categorical assistance programs which are directed toward meeting the needs of our changing system of higher education.

The Education and Labor Committee successfully incorporated into the bill a number of legislative changes that have the effect of reducing program costs when compared to projections under the current law. For example, a series of amendments designed to prevent student loan defaults and improve loan collection efforts, which was offered by Mr. TOM COLEMAN from Missouri and supported by the administration, became part of H.R. 3700.

I also intend to support an amendment which will be offered on the House floor which will create an additional incentive for States to empower their student loan guarantee agencies to garnish the wages of defaulters. The amendment offers the necessary protections for individuals while giving those responsible for effective operation of the program the tools required to ensure that borrowers meet their repayment obligations under the law.

In addition, other cost-saving measures were adopted, including a universal needs analysis to establish eligibility under the Guaranteed Student Loan [GSL] Program—current law requires only that students from families whose income exceeds $30,000 must demonstrate need—mandatory multiple disbursements of students' loans; a tightening of the definition of independent student; and a requirement that interest rates on GSL's increase to 10 percent during the fifth year of repayment. While there are other provisions that offset these cost-cutting measures, in general, the committee was sensitive to the need to control the overall costs of the bill.

We should remember that more than a third of the 12 million people enrolled in postsecondary institutions now receive some combination of Federal grants, loans, interest subsidies and loan guarantees. The continuing high budget deficits and the corresponding need to hold the line on spending conflict with the reality that Federal financial aid to students has become by far the largest contributor to student aid—almost 80 percent of total student aid comes from the Federal Government—and has become an increasingly important dimension of college finance. These funds have become especially critical since college costs have become relatively more expensive for families in the 1980's.

Two actions were taken by the committee which will provide coherent additional information to Congress and the public regarding the dramatically increasing costs of higher education and the ability of Congress to formulate a program designed to meet the needs of the future rather than serve the interests of the past. This first action—which I sponsored—is the establishment of a Commission to examine the responsibilities of parents, students, government, and institutions of higher education to fund the expenses of postsecondary education. We must find mechanisms for creating incentives designed to implement a coherent Federal policy. The second action, offered by my colleague from Wisconsin, Mr. GUNDERSON, directs the Secretary of Education to study escalating postsecondary costs with the objective of providing Congress with guidance in addressing the issues created by this reality.

Further, the creation of a student loan consolidation program was a major policy change adopted by the committee. This program is designed to address the problems of high student indebtness and a troubling student loan default rate. This programmatic change, which I sponsored, has evolved over a 5-year period during which a student loan consolidation program was established by Congress and then allowed to expire.

In the previous provisions, the Student Loan Marketing Association—SLMA or Sallie Mae—was authorized under Public Law 96-374 to act as a direct lender by providing consolidated and extended payment terms for GSL and National Direct Student Loan borrowers whose loans total more than $5,000 if loans were from more than one lender and in excess of $7,500 if all loans are made by the same lender. Repayment terms varied from 10 years for loans of up to $7,500, to 20 years for loans totaling more than $16,000. In the past the program had operated with the interest rate at 7 percent. Under the terms of that legislation only Sallie Mae had the authority to provide consolidation services for student loan borrowers.

During deliberations on the Student Financial Assistance Technical Amendments of 1982, some States guarantee agencies requested that the ability to consolidate student loans be extended to their agencies. Sallie Mae at that time opposed this expansion. The Senate bill (S. 2852) in 1983 contained a provision which would have extended the authority to the States, but the House bill (H.R. 7048) did not. During the House-Senate conference on these bills, it was decided that inadequate information was available to evaluate whether or not to expand the current authority. In addition the conferees recognized that there were some questions about the viability of the existing consolidation program being conducted by Sallie Mae. The conferees decided to forego expansion of the current program and to terminate SLMA's consolidation authority on August 1, 1983, pending the results of a GAO study requested in the report language accompanying S. 2852. Sallie Mae called its loan consolidation program the Options Program. Under the program three options were offered to participating borrowers—a straight line, or constant, monthly payment schedule, and two types of graduated repayment schedules whereby initial monthly payments were significantly lower than the straight line option but increased every 24 months. While repayment periods depended upon the aggregate loan amount, the repayment periods for consolidated loans were generally longer then for the original loans while the monthly payments were often substantially less.

Some State direct loan agencies and banks with large GSL holdings have argued that the availability of the Options Program reduced the profitability of the program for lenders. In general, the larger the loan, the greater the overall margin of profit, primarily because the administration costs do not vary proportionately with the size of the loan. In other words, while administrative costs for a $1,000 loan might equal 2 percent of the total loan principal, that same administrative cost could be as low as 0.2 percent for a $10,000 loan. Thus the options program permitted Sallie Mae to consolidate large loans into still larger loans, thereby increasing its profit margin while at the same time, removing these loans from the portfolios of State agencies and banks. In addition, some State loan agencies argued that the potential loss of these loans could have a negative effect on their ability to function in the bond market.

In October 1983, after one brief extension, Congress allowed the original loan consolidation program to expire. At the time it had been anticipated that Congress would adopt a revised version. Congress though, was unable to resolve the issue of the use of tax-exempt financing for consolidation loans by State lenders and secondary markets and therefore the program lapsed.

I am happy to note that the concerns which effectively blocked loan

consolidation to this date have been resolved in H.R. 3700. The provisions in this bill are designed to maximize benefits for eligible students at no cost to the Federal Government. Specifically, H.R. 3700 sets up a system which allows students' loans to be consolidated into one package with flexible, graduated interest rates and repayment schedules.

The interest rate is at its lowest—8 percent—for the first 4 years of repayment. The lower rates are being offered initially to make repayment easier on the borrower, who then presumably has less income then later in his or her career. After the fourth year, the interest rate moves incrementally up to 10 percent. After the 10th repayment year, it fixes at 12 percent. The effect of the lower interest rate during the first 4 years, is to reduce the monthly payments on a loan of about $10,000 from approximately $126 to $87—a decrease of almost $40 per month.

The time during which loans would have to be repaid is also flexible. For consolidated loans of between $7,500 and $15,000, repayment can be made during a period of up to 15 years. The maximum repayment period for loans of between $15,000 and $35,000 is 20 years; and for loans of more than $35,000, 25 years.

All of these measures provide sufficient positive reasons to support H.R. 3700. Although, this bill reflects significant compromise and represents bipartisan efforts, there are several concerns and questions which I feel need to be addressed before final passage on the House floor.

Several of the amendments contained in the reauthorization of the GSL Program raise concerns with respect to their long-term cost impact. These changes, some of which have strong policy justifications, could result in significant increases in Federal GSL costs during the 5-year reauthorization and beyond. Specifically, I am concerned with the amendments that phase out the loan origination fee, establish new deferments, and expand the grace period. CBO estimates that these three changes will add approximately $1 billion in program costs over the life of this reauthorization. In light of the continuing high budget deficits. I question whether programmatic changes should be made at this time.

It should be noted that the cost projections for the GSL Program made by CBO are based on estimates for the average 91-day Treasury bill rate over the next 5 years. I am concerned that these estimates—which unfortunately are the same as those used by the Office of Management and Budget—are unrealistic. For example, in fiscal years 1990 and 1991, the T-bill estimate is 5 percent. Currently, with the T-bill at one of its lowest points in years—at 7 percent—such an overly optimistic projection may distort any realistic projection of GSL cost estimates. A 2-percent increase in the T-bill rate costs the Federal Government an additional $1 billion. Therefore, a T-bill rate of 9 percent rather than 5 percent would result in an increase cost to the Federal Government of $2 billion more than currently projected by CBO. For this reason, many minority Members were disappointed that a number of Republican cost-saving alternatives offered in subcommittee and/or full committee were not adopted. While I did not support every option that was offered, I feel that a variation of some of these proposals must receive additional consideration of the House floor. For instance, I feel we have an obligation to permit the Members of the House to debate Mr. COLEMAN's proposal that maintains the 5-percent loan origination fee while permitting students, in effect, to borrow that additional amount. This provision would realize approximately $500 million in savings over the life of H.R. 3700.

In addition, I have a general concern which I hope can be addressed. It centers on the specific incorporation into H.R. 3700 of a detailed "need analysis" system for student aid programs. I agree that Congress must and should assume the responsibility for governance where such significant Federal funds are present. However, need analysis cannot be viewed as an exact science. Family finances evolve over time, as do financing patterns themselves. One need only look at "problems" like IRA's and Keogh accounts, the married couple deduction, and pension asset holdings to appreciate the way in which these patterns have shifted over the years.

Legislation on the other hand, does not shift as easily. It is hard to write, hard to modify, and even harder to enact. Therefore, one consequence of writing family contribution standards into law is the inevitable necessity to seek technical amendments virtually every year. Only in this way will the need analysis practice in this bill keep pace with factual changes in the external environment—tax law reform, for example—as well as the evolving perceptions of how families acquire, spend, and save their money.

Inability to modify the need analysis system easily would cause it to become static and increasingly unfair. Given a process that has benefited from constant updating and evolution, a more appropriate governance mechanism would be one that exists at least in part, outside of the rigidity of statute. I must add that one of the technical amendments that I understand will be offered by the chairman of the subcommittee will improve upon this point.

Therefore, although I agree with the policy behind the newly created needs analysis, I am uneasy with the legislative implementation contained in H.R. 3700. I hope that this is one area where alternatives will be considered.

There are additional unresolved issues. One is whether and/or to what extent teachers should be granted deferments on the repayment of GSL's and national direct student loans during the first 5 years of their teaching assignments. This issue consumed lengthy debate during both subcommittee and full committee consideration of H.R. 3700. I anticipate that all the Members will be interested in the eventual outcome of this debate as it develops.

Further, I will continue to explore the efficacy of requiring guarantee agencies to supply students with additional information regarding aggregate debt burden and projected and/or estimated monthly repayments. The intent of these requirements is to improve debt counseling, avoid future default problems, and prevent potential fraud and abuse in the program through a student's borrowing from multiple entities.

Overall, I would like to reiterate my support for H.R. 3700. Any questions I have or amendments which I intend to propose are done so in the spirit of attempting to make a good legislative package even better. I urge colleagues to address this bill from that perspective and to support the bill on final passage.

Mr. FORD of Michigan. Mr. Chairman, I yield 2 minutes to the gentleman from Montana [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Chairman, some Americans consider all college students as one homogeneous mass, driven by similar values and seeking to reach similar goals. This is the "traditional" student that we hear about. Such students are typically regarded as being between the ages of 18 to 22, enrolled full time in business or engineering courses, white and unmarried. Perhaps in a simpler day such was the case, although I doubt it, but it is no longer the case today.

The traditional student is rapidly disappearing as a major segment of the American college population. In fact, today 41 percent of students in postsecondary institutions are older. Many are working full time and many have family responsibilities as well.

More and more of our postsecondary youths are and in greater numbers will be from minority groups, especially black, Hispanic and Asian.

Women who have experienced remarkable gains in their efforts to achieve access to occupations find themselves returning to school and because the family unit is changing, more and more mothers, particularly

single mothers, find that they need to return to school.

It is title I of this new Higher Education Act that now provides for grants to higher education institutions and consortia of such institutions to accomplish a number of requirements.

First, to establish programs that link postsecondary resources more closely to the continuing educational needs of the American work force; to strengthen the capacity of postsecondary institutions to respond to the continuing education needs of adults who have been dislocated by economic change, who are seeking entry or reentry to progression in the work force, and who need to return to postsecondary education to do so; to adults who are isolated from economic resources due to their geographic location; to adults receiving aid to families with dependent children; and to adults who are functionally illiterate.

Title I of this act will place this Nation in a position of being able to offer a better adult and continuing education to the growing nontraditional students than those students will be able to get anywhere else in the world.

I commend the chairman of the committee and the members of the Higher Education Committee in realizing that there is a changing student body and in having the foresight to rewrite this Nation's Higher Education Act in a way that reflects those needs.

Mrs. ROUKEMA. Mr. Chairman, I rise in qualified support of H.R. 3700, the Higher Education Amendments of 1985, which would extend the Federal student aid and other higher education programs through fiscal year 1991.

Before explaining my objections to this bill, let me first express my admiration, as a member of the subcommittee, for the hard work and diligence of the chairman of the Postsecondary Education Subcommittee, Mr. FORD of Michigan, and the ranking Republican, Mr. COLEMAN of Missouri, in bringing this bill to the floor on schedule. Despite the fact that we technically have until September 30 of next year to get the bill signed into law, this expedited timetable serves a very important purpose. All too often, the Congress fails to act on measures until the very last minute, resulting in considerable uncertainty among those affected. The Student Aid Programs are no exception. Therefore, we hope that our expeditious action will be heeded by the other body so that we can get this law in place well before the beginning of the next fiscal year.

While I am pleased with the responsible schedule to which we have adhered, I am afraid that, without additional revisions, I cannot wholeheartedly endorse this bill. I am an original cosponsor and I voted to report the bill out of subcommittee and full committee. In addition, I intend to vote for the bill on final passage by the full House.

However, my reasons for supporting the bill are based primarily upon my strong support for the Student Aid Programs we are reauthorizing. Though I vehemently disagree with some of the expensive changes we are making in these programs, I believe that student aid is one of the few areas where a Federal education role is beyond question.

As stated in a recent report of the Carnegie Foundation for the Advancement of Teaching:

The most visible new demand is the need to be more effective in an economy that for the first time is truly international * * *. At stake is more than simply the health of the American economy. At stake is the fundamental issue of the place of the United States in the world, whether it will define itself as a country moving ahead or as a country drifting into a lesser role. We believe that the United States is gearing up for an economic renewal. Education at all levels is expected to play a major role.

Obviously, this role will be defined by a broad range of influences quite apart from the Federal Government. But it is clear that these Federal programs will form a crucial financial underpinning for the important role higher education will have to play in our Nation's future as a competitor in the global economy.

In addition to the importance of these programs to our Nation, we must not overlook their importance to the individual. In providing financial assistance to students on the basis of need, we ensure that no student is denied access to a degree in higher education solely for lack of financial resources.

There are those who would go one step farther and argue that, in addition to access, students should also be guaranteed choice as to the particular institution they attend, whether it be a junior college, a State school, or Harvard. I believe that, once access has been ensured, the Federal role should end and it should be on the shoulders of the student to come up with the finances to attend the more expensive schools. The legislation basically retains the dual objective under current law of ensuring both access and choice. I regret that the bill takes no steps in the direction of limiting the Federal responsibility to one of ensuring access. Various proposals have been offered in this area and it is disappointing that none were taken seriously by the subcommittee at a time when strained Federal resources mandate prioritization.

The greatest problem with this bill is that it is myopic in ignoring the larger budget picture we currently confront. My fear is that, despite the high priority we place on these programs, we are focusing solely upon that priority by trying to achieve what we cannot afford.

We are told that, in fact, this bill saves money in comparison with current law. Let's be realistic. In the first place, many of these savings are achieved through lower authorization levels for discretionary programs. The reality is that, in no case, does this bill establish an authorization level which is below the current appropriation level for a particular program. That would be a real cut.

The one program in this bill where we can control actual spending is the Guaranteed Student Loan Program. In that case, we are again told that significant reductions are being made below current law and that the expenditures for the program will actually decline over the 5-year life of the bill.

Let's take a closer look. In the first place, we have already passed most of these GSL savings as part of our reconciliation bill, which is currently in conference. Therefore, it is inaccurate to compare spending under the bill with current law because current law does not reflect those reconciliation savings. For example, under reconciliation, we thought we saved $252 million in fiscal year 1987. Under this bill we would only be saving $140 million. In fiscal year 1988, we thought we were saving $415 million. Under this bill, we would only be saving $250 million.

The reason for this discrepancy is that, while this bill includes the savings achieved in reconciliation, it also contains certain costly increases. These include: A phaseout of the loan origination fee, which will cost $730 million over the life of the bill; an increase in loan limits, which will cost $595 million; an expansion of deferments to include half-time students and teachers, which will cost $165 million; and an increase in the grace period after a student graduates from 6 months to 9 months, which will cost $167 million.

Yet, we are told we can live with these increases because the costs of the program will still decline by $1 billion in 5 years. But why does that decline occur? One has to first understand that the costs of the GSL Program are largely governed by the T-bill rates, which determine the amount of the Federal subsidy. Therefore, we can only obtain a reliable estimate of the costs of this program if we are working with realistic T-bill assumptions. That is clearly not the case here. Instead, this bill assumes that the T-bill, which is currently at one of its lowest points in years, 7 percent, will actually decline to 5 percent in fiscal years 1990 and 1991. Although these are the assumptions of the Office of Management and Budget, I ask my colleagues, do any of you really expect this prediction to hold true?

It is not as if we are left with no choices. There are any number of methods our committee could have adopted to bring these programs in line with budget realities. For example, I believe that a serious flaw in the Guaranteed Student Loan Program is its total insultation of the student from fluctuations in the financial marketplace. Regardless of whether prevailing interest rates are 5 percent or 15 percent, we flatly state that the student shall only pay 8 percent.

In subcommittee, I offered an amendment which would have based that student's initial interest rate on prevailing market conditions by fixing it at the T-bill plus 2 percent. This still would have given him a rate of 3 to 5 percent below prevailing market rates. In addition, the rate would increase by 1 percent in the fifth and eighth years of repayment, reflecting his

ability to bear a larger share of the costs as his career develops.

Unfortunately, the amendment was rejected despite the fact that preliminary CBO estimates indicated that it would save $57 million over the 5-year life of the bill. Instead, the subcommittee adopted an amendment providing for an increase in the student's interest rate to 10 percent beginning in the fifth year of repayment. This is a modest improvement over current law.

Meanwhile, while rejecting such savings in the program, the committee adopted certain cost increases. Perhaps the most objectionable is a new provision providing teachers an automatic 5-year deferral in repayment of their loans. In addition to an unacceptable cost, over $100 million over the life of the bill, I find it totally contrary to the philosophical underpinnings of this program to single out any profession for such favored treatment.

Despite its deficiencies, it would be inaccurate to state that this bill contains no significant improvements over current law. One key area which the bill addresses is the independent student definition, which allows an independent student to claim his own income, instead of that of his parents, in applying for student aid. Under current law, this is determined by a test which attempts to examine the amount of support the student receives from his parents and the amount of time he has spent living at home. Obviously, these are nearly impossible to verify and it has been widely suspected that many students have made false claims of independence.

The bill substitutes a new test which simply provides that a student is deemed dependent or independent because of his status. If he is either 23 or over, married, a graduate student, single with dependents, an orphan or a veteran, he is independent—no further questions asked. I intend to offer an amendment to restore the current requirement that that student also shall not have been included as a dependent on anyone else's income tax form, since that is both easily verifiable and meaningful. With these improvements, I believe that the bill accomplishes a significant reform in an area which was long overdue.

Another important deficiency addressed by the bill is in the area of debt burdens acquired by students who take out guaranteed student loans. Under the current system, these students are all too frequently unaware of the costs of these loans until they are in the bank applying for the loans or even later. By that time, the student has already decided where he is going to school and has no choice but to take advantage of any financial aid available.

The subcommittee accepted an amendment which I offered to promote "truth in lending" by the Federal Government under this program. The amendment requires the Secretary to provide information through the colleges and, more importantly, the high schools to promote greater awareness of the debt burdens the loan programs can create.

Another area where the bill takes positive steps concerns defaults on student loans, which have threatened the continued support for these programs. The committee adopted most of the provisions of H.R. 2150, which I cosponsored. This will reduce defaults through such methods as imposing stricter due diligence requirements on lenders in collecting on loans, requiring loan checks to be sent directly to the college, and adopting the Federal statute of limitations of 6 years, preempting State laws with shorter periods.

Finally, the bill takes a bold step in the area of determining need, by replacing the current system with a single, uniform needs analysis to apply to all Federal student aid programs. This logical step will hopefully eliminate confusion among students and parents and ensure that Federal aid is distributed in an equitable and consistent fashion. However, since this is a new approach, we will need to pay attention to the data and remain vigilant in this area to ensure that the results are equitable.

In conclusion, I am hopeful that as the House considers amendments to this bill, we are able to bring it closer to budget realities and adopt a measure which I can wholeheartedly support. In any event, I urge my colleagues to pass this legislation to ensure continuation of these vital programs.

Mrs. COLLINS. Mr. Chairman, I rise today in strong support of this bill's title III provisions that strengthen programs for historically black colleges and universities. I have been a consistent advocate of such measure, and proudly cosponsored H.R. 2907, whose provisions form the basis of title III of this bill.

What is particularly significant about title III of this bill is that it specifically sets aside funds for historically black colleges and universities. This explicit designation of black colleges and universities is absolutely essential if we are to achieve the original purpose of title III: Aiding historically black institutions, which for decades were excluded from Federal and State aid programs or received much less support than other institutions.

Yet despite the original purpose of title III, as is indicated by the committee report, historically black colleges and universities have received a fluctuating and declining share of funds under this title. Between fiscal years 1981 and 1984 the share of title III funds going to black institutions dropped from 40 to 30 percent. The share of total executive agency obligations to postsecondary institutions received by black colleges and universities also decreased from an already low 6.1 percent in 1983 to an even lower 5.7 percent in 1984.

The only way to turn these unacceptable trends around is by explicitly designating funds for historically black institutions so that such funds cannot be siphoned off by other programs and universities. This is exactly what part B of this bill's title III does.

While some have opposed race-specific designations in title III, such opposition ignores some compelling facts. First, without such designations, the Government must expend $3 to deliver $1 in title III funds to black colleges. This is blatantly inefficient. Second, without specific designations, black colleges receive substantially fewer funds.

Finally opposition to the language of part B ignores the profound contribution of this Nation's historically black colleges and universities. While these institutions enroll only 18 percent of the blacks in higher education, they award nearly 40 percent of the bachelor's degrees received by blacks. In addition, between 1975 and 1980, 55 percent of blacks earning Ph.D.'s had received their bachelor's degrees from historically black colleges and universities.

As this evidence shows, these institutions have done much but have received little. As we prepare to vote on this bill today, I ask you to consider the even greater accomplishments that lie ahead for the historically black colleges and universities if we give them the support they deserve. Part B of title III is the first step in this very right direction.

Mr. DASCHLE. Mr. Chairman, I rise in strong support of the reauthorization of the Higher Education Act of 1965. Today in the House we have a unique opportunity to strengthen and improve one of the most fundamental privileges of American life: education.

In the committee report review of the goals and objectives of the Higher Education Act, Chairman HAWKINS called to mind the words of President Lyndon Johnson. "Nothing matters more to the future of our country: Not our military preparedness—for armed might is worthless if we lack the brainpower to build a world of peace; not our productive economy—for we cannot sustain growth without trained manpower; not our democratic system of government—for freedom is fragile if citizens are ignorant."

I could not agree more with this statement. I believe that we must constantly strive to ensure that our system of education remains strong and that fertile minds are given the opportunity to thrive within that system of learning. We must ensure that any student desiring a postsecondary education is able to obtain it.

The Higher Education Act is the most viable means to these goals. In addition to reassuring the importance of education in our Nation, it includes several significant changes to broaden the scope and availability of services and opportunities to a wider range of pupils, the new generation of students.

The continuation and improvement of the Higher Education Act is vital to our Nation's intellectual strength and overall well-being. I urge my colleagues to support this reauthorization.

Mrs. SCHNEIDER. Mr. Chairman, I rise today in support of H.R. 3700, the Higher Education Act reauthorization. We have heard many Members speak this afternoon about the success of the Pell Grant, GSL and other Federal student financial aid programs, and I would certainly like to associate myself with those remarks. But I have a special reason for being here today and that is because H.R. 3700 includes a

number of substantive changes designed to promote equity for women. Taken from H.R. 3446, the Student Financial Aid Equity Act, introduced earlier this year by myself and Representative PAT WILLIAMS, these provisions will open doors of opportunity for women by giving them a fair shot at Federal financial aid dollars.

In developing this legislation, we first had to find out who today's women students are, and the answers were enlightening. We learned that:

Women are more likely than men to postpone or interrupt their educations. Over half of women college students are older than the traditional 18- to 22-year-old student. Women make up two-thirds of the 1.5 million college students over the age of 34.

Women are more likely than men to be part-time students. Over 80 percent of older undergraduates attend part-time. Fifty-five percent of women graduate students attend part-time as opposed to 39 percent of men.

Women are more likely than men to have dependent care responsibilities. Over 6.2 million families are headed by women—double the number in 1970.

Women are more likely to face tough financial circumstances. In 1984, 31 percent of freshman women—compared to 26 percent of freshman men—came from families with incomes below $20,000. Freshman women are twice as likely as freshman men to be self-supporting.

Second, we found out some very interesting statistics about financial aid awards. While the Federal Government has enabled hundreds of thousands of students to obtain a college degree, the fact of the matter is that policies for awarding student aid do not benefit women and men students equally. Consider these statistics:

While more women receive student aid than men, their awards are smaller. The average grant for women is $1,236. For men, the average grant is $1,373.

Women are more likely to receive aid in the form of loans rather than grants. For men, grants cover 23 percent of college costs. For women, they only cover 20 percent.

Only 4 percent of low-income women received guaranteed student loans in 1981 compared to 10 percent of low-income men.

H.R. 3700 begins to address these discrepancies. It makes Pell Grants and National Direct Student Loans available to part-time students and removes restrictions on the use of College Work Study, Supplemental Educational Opportunity Grant and State Student Incentive Grant Program funds to less-than-half-time students. It changes eligibility for financial aid so that the incomes of independent students with dependents will be treated in the same way as the incomes of families with dependent students. This means that mothers returning to college will receive the same consideration as the high school seniors they raised. H.R. 3700 also allows for deferment of GSL payments for a 6-month period for pregnancy or newborn care. Currently, this deferment is only available for injury and illness.

As the cost of post secondary education continues to skyrocket, it is more important than ever that women are treated fairly in Federal financial assistance programs. Women's lives have changed dramatically over the past 20 years; it is only fitting that our national educational policies reflect their changing needs. I would like to commend PAT WILLIAMS for shepherding these provisions through the Education and Labor Committee, and I urge my colleagues to join me in voting for H.R. 3700.

Mr. BONKER. Mr. Chairman, I rise today in strong support of H.R. 3700, the Higher Education Amendments of 1985, which provides for the reauthorization of the student loan and higher education institution assistance programs.

Established in 1965, the Higher Education Act programs reauthorized under this legislation comprise our Nation's basic commitment to providing the means for equal opportunity for a quality education. Earlier this year, however, the future of these programs was seriously threatened by the budget cutting proposals of the administration. These cuts, later restored by Congress, would have dramatically reduced the scope and altered the intent of the Student Loan Program.

This bill has benefited from a remarkably thorough hearing process. Over 30 hearings were held over the past year, including field hearings in 12 cities across the country. The final product reflects the input of hours of testimony and I believe it represent a significant improvement over the current programs.

First, it recognizes the declining value of student aid which has resulted from inflation and rising education costs and the impact this has caused on current students. The maximum Pell grant award in 1985 only covers 26 percent of the average cost of education, down 20 percent in 6 years. Yet, an ever increasing number of students have come to rely on student loans to finance their college education.

These students have become saddled, however, with a heavy burden of debt upon graduation because of their need for greater borrowing in order to complete their education. As they consider careers, the need to retire large student loan debts may cause salary considerations to close off many career options. To compensate, H.R. 3700 provides for a gradual increase in the level of Pell grants to lower income students and makes important modifications in pay-back requirements for students with Guaranteed Student Loans [GSL's].

While this legislation would increase Pell grants, the bill also streamlines the administration of the Student Loan Program and addresses the growing problem of loan repayment in the GSL Program. Several provisions are included to lower administrative costs and tighten collection procedures, thereby reducing many of the problems that have damaged the integrity of the program.

The bill also recognizes fundamental changes that have occurred in the student population in recent years and has sought to address the needs of nontraditional students—those that are returning to school later in life. This growing group includes women, often single heads of households, who are returning to school and dislocated workers who are seeking retraining. The financial aid needs of these students differs markedly from students who have gone on to higher education straight out of high school. Many of these older students are only able to attend part-time and previously were ineligible for most forms of student aid. Under H.R. 3700, half-time students will be now eligible for most student aid programs.

I would like to emphasize that in reauthorizing this legislation, Congress did not ignore some of the concerns expressed by the administration, particularly in loan eligibility and financial need. The new law would require all students from families with incomes greater than $30,000 to undergo a needs analysis to qualify for a GSL. It also creates a much stiffer requirement for students who claim financial independence. These students must now be older than 23, unless they otherwise qualify under certain exceptions, before they will clearly be eligible for a GSL without a family financial need assessment.

Mr. Chairman, this is a very comprehensive reworking of our Student Loan Program. In closing, I would like to commend the Education and Labor Committee for the outstanding work they have done in bringing this excellent legislation to the floor. I believe it addresses many of the concerns that have arisen over the Student Loan Program in recent years while maintaining our Nation's commitment to equal opportunity education.

Mr. SOLARZ. Mr. Chairman, I rise in strong support of H.R. 3700, the Higher Education Act amendments.

It is rare for a bill to come before the Congress that is comprehensive, far-reaching in its effects, and beneficial to society, while simultaneously maintaining strong, bipartisan support. Yet that is exactly what has been accomplished here, and it is a testament to the long hours and hard work that the committee and subcommittee members and staff have devoted to this bill.

I would also like to thank specifically the chairman and ranking member of the Subcommittee on Postsecondary Education for their unceasing efforts to allow any person who wanted to give input on this reauthorization to do so.

The Higher Education Act has had a profound impact on the educational system of our country and has symbolized the concern our Government has with the preservation and enrichment of the American way of life. It has enhanced the educational experience of our society through its strengthening of postsecondary education programs in this country and it has complemented this success by making such educational experiences more available this accessible through financial aid programs that are designed to allow more students access to postsecondary education.

It is difficult, in today's climate of budget-consciousness, to continue to fund and expand vital education programs such as the Higher Education Act. But this committee has found a way to square the circle, and has managed to keep spending down without abandoning our commitment to cases and constituencies vital to the future of America.

It would have been nice if we could have provided more money for these programs, but fiscal and political realities make that impossible. It would have been tragic, however, if we had ended up gutting these programs because of pressures to reduce the deficit. Such efforts would shortchange the future of this country.

Fortunately, the committee was able to find a way to be both responsive to fiscal reality, while at the same time providing support for the future of American education. I commend their efforts.

Mr. GILMAN. Mr. Chairman, today I would like to express my support for H.R. 3700, to amend and extend authorizations for fiscal years 1987 through 1991 for the many vital programs included in the Higher Education Act of 1965. I thank the gentleman from Michigan [Mr. FORD] for bringing this legislation before us today to ensure that the postsecondary educational demands of this Nation will be properly served.

In reviewing the existing programs, I have come to the conclusion that a general expansion of postsecondary programs have, in turn, generated the burgeoning demand for student assistance programs. In response to that demand, H.R. 3700 improves upon the Pell grant, Supplemental Educational Opportunity Grant, Guaranteed Student Loan, and several other vital financial aid programs which allow our youth, regardless of their inability to finance their postsecondary education, to secure loans and realize their academic potential. For instance, this legislation extends the Pell grant eligibility requirements to part-time students. The borrowing limit for students included in the GSL Program is also extended from $2,500 to $5,000 for the final 2 years of a student's undergraduate degree, with aggregate loan limits increased to $14,500 for undergraduates.

While reductions have been proposed for these essential programs, H.R. 3700 provides a means to ensure that dedicated individuals who seek an advanced degree will not be penalized because they cannot afford an education which we, as Americans, have a duty to provide. Indeed, H.R. 3700 controls runaway costs connected with student aid programs; a needs analysis test and tighter eligibility requirements for student loans have been included in this legislation. These provisions would cut unnecessary costs and ensure that money would be allocated on a priority, according to needs, basis.

I am also pleased to note that H.R. 3700 improves the integrity of the student loan process by attempting to decrease the number of defaults. Why, for instance, should a student be denied assistance because of the high number of outstanding loans? H.R. 3700 attempts to rectify this situation by improving debt counseling and increasing the number of loan deferments.

I would also like to commend the Committee of Education and Labor for recognizing the need to provide sufficient funds for the adult and continuing educational programs. One must not forget that many so-called nontraditional students choose not to, or are unable, to attend school on a full-time basis. H.R. 3700 caters to these individuals' needs by establishing off-campus outreach programs and improving upon existing adult education programs.

H.R. 3700 further authorizes over $300 million in fiscal year 1987 for programs targeted to developing institutions serving minority and low-income students. Keeping in line with the philosophy that we are responsible for providing all desiring individuals with the opportunity to receive a good education, I am proud to say that H.R. 3700 would have a very positive impact on the colleges in my district which depend on Federal aid to remain academically competitive: The community college of Orange, Rockland, Sullivan, and Westchester Counties, Marymount College of Tarrytown, Mercy College, Dominican College, and St. Thomas Aquinas, to name just a few in the State of New York, would be more capable of extending access to low-income and minority students, if H.R. 3700 were adopted.

Although I have not touched upon all the provisions in H.R. 3700, I think that one can readily see that the thrust of this legislation is to liberalize the means by which deserving individuals are capable of pursuing a postsecondary education. It is our responsibility to eliminate the financial obstacles which keep talented and motivated individuals from attaining their academic potential. We cannot go on thinking that it is proper that only a certain, elite group of individuals be able to attend university. Education is not a luxury. It should be accessible to all individuals. Accordingly, I urge my colleagues to support H.R. 3700 to ensure that this equalitarian philosophy is upheld.

Mr. COLEMAN of Missouri. Mr. Chairman, I yield back the balance of my time.

Mr. FORD of Michigan. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. All time has expired for general debate.

Pursuant to the rule, the committee amendment in the nature of a substitute now printed in the reported bill shall be considered by titles as an original bill for the purpose of amendment, and each title shall be considered as having been read. There are three sections that precede title I.

The Clerk will designate section 1.

The text of section 1 is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCES.

(a) SHORT TITLE.—This Act may be cited as the "Higher Education Amendments of 1985".

(b) REFERENCES.—References in this Act to "the Act" are to the Higher Education Act of 1965.

The CHAIRMAN. Are there any amendments to this section?

AMENDMENTS OFFERED BY MR. FORD OF MICHIGAN

Mr. FORD of Michigan. Mr. Chairman, I offer amendments, and I ask unanimous consent that they be considered en bloc. This is a series of technical amendments dealing with several titles of the act. These amendments make necessary technical clarifying and conforming changes in H.R. 3700. The amendments have been shared with the minority members of the committee and, to the best of my knowledge, there are no objections to them at this time.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The CHAIRMAN. The Clerk will report the amendments.

The Clerk read as follows:

Amendments offered by Mr. FORD of Michigan: Page 48, line 7, strike out "section 322" and insert in lieu thereof "section 323".

Page 65, line 11, strike out "section 355" and insert in lieu thereof "section 356".

Page 59, line 22, strike out "from" and insert in lieu thereof "form".

Page 60, line 22, strike out "endowment" and insert in lieu thereof "challenge".

Page 175, line 16, insert before the period the following: "without administrative delay after the receipt by the Secretary of an accurate and complete request for payment pursuant to paragraph (4)".

Page 160, line 25, insert "reasonable" after "may contain such".

Page 181, line 14, insert "reasonable" before "provision relating to".

Page 190, line 15, insert "reasonable" after "The Secretary's" after "to carry out".

Page 190, beginning on line 7, strike out "financial interests of the United States" and insert in lieu thereof "United States from the risk of unreasonable loss".

Page 194, line 16, insert "The Secretary's" after "to carry out".

Page 232, line 11, strike out "financial interest of the United States" and insert in lieu thereof "United States from the risk of unreasonable loss".

Page 245, strike out lines 16 through 20 and insert in lieu thereof the following: "and covenant made pursuant to this paragraph or pursuant to any other provision of this part may be modified by the Secretary, after notice and opportunity for a hearing on the record, if the Secretary finds that the modification is necessary to protect the United States from the risk of unreasonable loss;"

Page 309, after line 8, insert the following new subsection:

(c) CHANGES EFFECTIVE WITHOUT REGARD TO REGULATIONS; REGULATIONS SUBJECT TO APPROVAL.—The changes made in part B of title IV of the Act by the amendment made by subsection (a) of this section shall be effective in accordance with subsection (b) of this section without regard to whether such

changes are reflected in the regulations prescribed by the Secretary of Education for purposes of such part. No change in any regulation relating to such part that is prescribed by the Secretary on or after October 1, 1985, shall be effective unless approved by a joint resolution of the Congress.

Page 321, line 1, insert "reasonable" after "such other".

Page 340, strike out lines 17 through 20 and insert in lieu thereof the following:

"(9) include such other reasonable provisions as may be necessary to protect the United States from unreasonable risk of loss and as are agreed to by the Secretary and the institution.

Page 203, line 10, strike out "6 months" and insert in lieu thereof "12 months".

Page 204, line 3, strike out "complement of the".

Page 204, beginning on line 22, strike out "subparagraph (A)," and all that follows through the comma on line 24 and insert in lieu thereof "subparagraph (A)".

Page 214, line 14, strike out "(1) shall" and insert in lieu thereof "shall".

Page 214, beginning on line 18, strike out "part, and (2)" and all that follows through "lenders." on line 21 and insert in lieu thereof "part.".

Page 205, beginning on line 12, strike out "(other than sections 427(a)(2)(D), 427(b), and 427A of this Act)" and insert in lieu thereof "(other than this Act)".

Page 216, line 20, insert "for which payments of principal and interest are deferred" after "under this section".

Page 277, beginning on line 25, strike out "section 428B and section 439(o)" and insert in lieu thereof "sections 428B, 428C, 428D, and 439(o)".

Page 259, line 2, after the period insert the following: "Nothing in this section shall be construed as subjecting the lender to the Truth and Lending Act with regard to loans made under this part.".

Page 332, line 10, strike out "75 percent" and insert in lieu thereof "25 percent".

Page 348, beginning on line 4, strike out paragraph (2) through line 8, and redesignate the following paragraph accordingly.

Page 371, line 17, strike out "allownce" and insert in lieu thereof "allowance".

Page 395, beginning on line 19, strike out section 479 through line 5 on page 396 and insert in lieu thereof the following:

"SEC. 479. REGULATIONS; UPDATED TABLES.

"(a) AUTHORITY TO PRESCRIBE REGULATIONS RESTRICTED.—Notwithstanding any other provision of law, the Secretary shall not have the authority to prescribe regulations to carry out this part except—

"(1) as required to prescribe updated tables under subsections (b) through (e) of this section; and

"(2) as required by section 480(a)(2).

"(b) STANDARD MAINTENANCE ALLOWANCE.—For each academic year after academic year 1988–1989, the Secretary shall publish in the Federal Register a revised table of standard maintenance allowances for purposes of sections 475(c)(4) and 477(b)(4). Such revised table shall be developed by increasing each of the dollar amounts contained in the table increase in the Consumer Price Index between December 1987 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.

"(c) ADJUSTED NET WORTH OF A FARM OR BUSINESS.—For each academic year after academic year 1988–1989, the Secretary shall publish in the Federal Register a revised table of adjusted net worth of a farm or business for purposes of sections 475(d)(2)(C), 475(h)(3), 476(c)(2)(C), and 477(c)(2)(C). Such revised table shall be developed—

"(1) by increasing each dollar amount that refers to net worth of a farm or business by a percentage equal to the percentage increase in the Consumer Price Index between 1987 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $5,000; and

"(2) by adjusting the dollar amounts '$26,000', '$91,000', and '$169,000' to reflect the changes made pursuant to paragraph (1).

"(d) ASSET PROTECTION ALLOWANCE.—For each academic year after academic year 1988–1989, the Secretary shall publish in the Federal Register a revised table of asset protection allowances for purposes of sections 475(d)(3), 476(c)(3), and 477(c)(3). Such revised table shall be developed by determining the present value cost of an annuity that would provide, for each age cohort, a supplemental income at age 65 (adjusted for inflation) equal to the difference between the moderate family income (as most recently determined by the Bureau of Labor Statistics) and the current average social security retirement benefits. In making such determinations—

"(1) inflation shall be presumed to be 6 percent per year;

"(2) the rate of return of an annuity shall be presumed to be 8 percent; and

"(3) the sales commission on an annuity shall be presumed to be 6 percent.

"(e) ASSESSMENT SCHEDULES AND RATES.—(1) For each academic year after academic year 1988–1989, the Secretary shall publish in the Federal Register a revised table of assessments from adjusted available income for purposes of sections 475(e) and 477(d). Such revised table shall be developed—

"(A) by increasing each dollar amount that refers to adjusted available income by a percentage equal to the percentage increase in the Consumer Price Index between December 1987 and the December next preceding the beginning of such academic year, rounded to the nearest $100; and

"(B) by adjusting the other dollar amounts to reflect the changes made pursuant to subparagraph (A).

(2) For each academic year after academic year 1988–1989, the assessments made pursuant to section 476(b)(4) shall be made—

"(A) by increasing each dollar amount that refers to adjusted available income by a percentage equal to the percentage increase in the Consumer Price Index between December 1987 and the December next preceding the beginning of such academic year, rounded to the nearest $100; and

"(B) by adjusting the other dollar amount to reflect the changes made pursuant to subparagraph (A). The Secretary shall publish in the Federal Register the adjustments required to carry out this paragraph.

"(f) DEFINITION OF CONSUMER PRICE INDEX.—As used in this section, the term 'Consumer Price Index' means the Consumer Price Index for Wage Earners and Clerical Workers published by the Department of Labor.

Page 369, beginning on line 3, strike out paragraph (3) and insert in lieu thereof the following:

"(3) ALLOWANCE FOR SOCIAL SECURITY TAXES.—The allowance for social security taxes is equal to the amount earned by each parent multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

Page 378, strike out lines 4 through 6 and insert in lieu thereof the following:

"(C) an allowance for social security taxes determined in accordance with paragraph (5).

Page 378, immediately before line 13 insert the following new paragraph:

"(5) ALLOWANCE FOR SOCIAL SECURITY TAXES.—The allowance for social security taxes is equal to the amount earned by each parent multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

Page 381, beginning on line 12, strike out paragraph (3) and insert in lieu thereof the following:

"(3) ALLOWANCE FOR SOCIAL SECURITY TAXES.—The allowance for social security taxes is equal to the amount earned by each parent multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

Page 387, beginning on line 3, strike out paragraph (3) and insert in lieu thereof the following:

"(3) ALLOWANCE FOR SOCIAL SECURITY TAXES.—The allowance for social security taxes is equal to the amount earned by each parent multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

Page 401, beginning on line 19, strike out "the need analysis computations which" and insert in lieu thereof "the cost of attendance and expected family contribution computations to".

Page 406, strike out lines 1 through 4 and insert in lieu thereof the following (and redesignate the succeeding subparagraphs accordingly):

"(B) by March 1: Updated tables published in the Federal Register pursuant to section 479;

Page 410, line 19, strike out "thirty" and insert in lieu thereof "45".

Page 424, line 7, insert "in matters not governed by specific program provisions," after "(B)".

Page 428, line 17, strike out "section 448" and insert in lieu thereof "section 447".

Page 443, line 2, strike out "The" and insert in lieu thereof "Effective with respect to any academic year beginning on or after July 1, 1987, the".

Page 553, line 2, strike out "Corporation" and insert in lieu thereof "Association".

Page 537, beginning on line 25, strike out "(other than debt" and all that follows through "Corporation)" on page 538, line 1.

Page 540, line 7 and 8, strike out "sections 755 and 757" and inert in ieu thereof "section 757".

Page 542, line 15, insert "undergraduate" before "academic facilities".

Page 550, line 24, insert "undergraduate" before "academic facilities".

Page 551, line 2, strike out "older facilities and facilities" and insert in lieu thereof "older undergraduate academic facilities and undergraduate academic facilities".

Page 554, after line 14, insert the following new subsection (and redesignate the succeeding subsections accordingly):

"(c) UNDERGRADUATE ACADEMIC FACILITIES.—(1) Except as provided in paragraph

(2) of this subsection, the term 'undergraduate academic facilities' means structures suitable for use as classrooms, laboratories, libraries, and related facilities, the primary purpose of which is the instruction of students pursuing a baccalaureate degree, or for administration of the educational programs serving such students, of an institution of higher education, and maintenance, storage, or utility facilities essential to operation of the foregoing facilities, as well as infirmaries or other facilities designed to provide primarily for outpatient care of student and instructional personnel. Plans for such facilities shall be in compliance with such standards as the Secretary may prescribe or approve in order to insure that projects assisted with the use of Federal funds under this title shall be, to the extent appropriate in view of the uses to be made of the facilities, accessible to and usable by handicapped persons.

"(2) The term 'undergraduate academic facilities' shall not include (A) any facility intended primarily for events for which admission is to be charged to the general public, (B) any gymnasium or other facility specially designed for athletic or recreational activities, other than for an academic course in physical education or where the Secretary finds that the physical integration of such facilities with other undergraduate academic facilities included under this part is required to carry out the objectives of this part, (C) any facility used or to be used for sectarian instruction or as a place for religious worship, or (D) any facility which (although not a facility described in the preceding clause) is used or to be used primarily in connection with any part of the program of a school or department of divinity.

Page 591, strike out line 23 and all that follows through line 5 on page 592 and insert in lieu thereof the following: "subsection (a)) pay to the institution of higher education, for each individual awarded a fellowship for pursuing a course at such institution, $6,000.".

Page 610, line 6, insert before the semicolon the following: "which are responsive to the educational needs of postsecondary students and institutions".

Page 623, line 2, strike out "shall each be entitled to receive" and insert in lieu thereof "shall receive compensation at a rate not to exceed".

Mr. FORD of Michigan (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. FORD of Michigan. Mr. Chairman, I will not take the usual 5 minutes since the amendments are technical and conforming in nature. I would just ask that they be adopted.

The CHAIRMAN. Is there any further debate on the amendments?

Mr. COLEMAN of Missouri. Mr. Chairman, I move to strike the last word.

Mr. Chairman, our staff has reviewed the various amendments that are contained en bloc here.

I want to ask a question of the chairman regarding the amendment dealing with regulations being subject to joint approval and wonder if the gentleman might elaborate on his proposed amendment.

I yield to the gentleman from Michigan.

Mr. FORD of Michigan. Well, Mr. Chairman, I can elaborate only to the extent that when we wrote the existing law we were still operating prior to the Supreme Court decision in the Chadha case and what we are now doing is responding to the Chadha case to try to accomplish the same thing that has been in the law with respect to the Guaranteed Student Loan Program for years by simply adding the additional requirement that unlike the one-House veto, which they struck down, it would require a joint resolution of Congress, which as we know would require the signature of the President for the Congress to take the action.

Mr. COLEMAN of Missouri. If we were to take no action, does that mean the regulations do not go into effect?

Mr. FORD of Michigan. No. It means a change in the regulations would not go into effect. It would leave the regulations in place. It is the changes that must be subjected to this.

Mr. COLEMAN of Missouri. Would we through inaction effectuate a lack of initiation or lack of promulgation of regulations by the executive branch?

Mr. FORD of Michigan. There is a reason why we treated GSL different from other programs for several years, that being the nervousness of the lenders—kindly put, the bankers—when you change something from the way they have always done it. If you do it rather quickly, it upsets them and that affects the availability of loans.

□ 1700

This merely reassures them that nothing is going to happen in the middle of the program after they get their institution committed to it without an adequate opportunity for them to see what it is and reflect their concerns about it before it takes place.

It is really a very conservative sort of a break on changing the rules on something where, as the gentleman stated earlier in general debate, the bulk of our costs in this program, 90 percent of it, is in already existing contracts. They do not want to see regulations promulgated that would change circumstances with respect to those contracts rather quickly without very thorough consideration.

Mr. COLEMAN of Missouri. We are enacting legislation making programmatic changes in H.R. 3700, it seems to me that it would be appropriate for regulations to flow from these changes.

Mr. FORD of Michigan. I am sure that Senator STAFFORD'S committee and our committee would be very happy to accommodate those changes. We just do not want changes that do not reflect what we have now done with the reform provisions, such as the multiple disbursements and others. The bankers and the others are aware of what we have been doing and that will affect them. It is going to cost them more money to handle a loan than it did before, but that seems to be something that is acceptable because it makes so much sense.

Mr. COLEMAN of Missouri. Can the gentleman cite any legal authority on our ability to do this, since the legislative veto has been struck down? Has this been approved by any court or body of law or scholars that would assure us, since I was not familiar with the gentleman's amendment until just a few minutes ago. Are we certain that we are doing something that we really do not want to do constitutionally?

Mr. FORD of Michigan. Actually, the best authority is the two great constitutional lawyers who are now engaged in this colloquy. But, in fact, the format that we picked here responds to the specific criticism in the Chadha case in which they objected because it would, in their opinion, give the legislative branch the ability to superimpose its view on the executive branch in exercising its executive authority. This procedure does not permit us to do that.

The essence of the Chadha case was that we could be in a position of blocking executive action without changing the law and giving the President an opportunity to accept it or reject it, and we have taken care of that problem.

Mr. COLEMAN of Missouri. My concern is that we could accomplish the same objective by inaction, in effect blocking regulations through inaction by not approving them.

Mr. FORD of Michigan. I will give the gentleman my word that so long as I am a member of the Committee on Education and Labor, I would very vigorously resist and stand by his side to resist anybody attempting to use delay to accomplish a policy determination.

It is not, in my view, our intention in any way at all to make it more difficult to provide regulations merely to reassure everybody who is subjected to those regulations, which are somewhat unique in the sense that they deal, as banking regulations generally do, with a special population of the business community, to just provide for some assurance that it will be done in a businesslike way.

Mr. COLEMAN of Missouri. I thank the gentleman.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Michigan [Mr. FORD].

The amendments were agreed to.

The CHAIRMAN. The Clerk will designate section 2.

The text of section 2 is as follows:

SEC. 2. EFFECTIVE DATE.

Except as otherwise provided therein, the amendments made by this Act shall take effect on October 1, 1986.

The CHAIRMAN. Are there any amendments to section 2?

Hearing none, the Clerk will designate section 3.

The text of section 3 is as follows:

SEC. 3. CONTRACTING AUTHORITY SUBJECT TO APPROPRIATIONS.

The authority to enter into contracts or other obligations under this Act shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

The CHAIRMAN. Are there any amendments to section 3?

Hearing none, the Clerk will designate title I.

The text of title I is as follows:

TITLE I—AMENDMENT TO TITLE I OF THE ACT

SEC. 101. REVISION OF TITLE I.

Title I of the Act is amended to read as follows:

"TITLE I—POSTSECONDARY PROGRAMS FOR NON-TRADITIONAL STUDENTS

"SEC. 101. FINDINGS.

"The Congress finds that—

"(1) the increasing incidence of relocation and dislocation of industries and workers, the entry and reentry of adults into the labor force, and the rapid rate of change in technology, the economy, population demographics, and social conditions, necessitate significant improvement in postsecondary educational opportunities for adults in all stages of life;

"(2) the majority of adults who continue their education do so for job-related and career-oriented reasons or to fulfill admissions requirements for educational or vocational training;

"(3) minority-group citizens comprise the fastest growing segment of the population and labor force, yet are underrepresented in adult education programs;

"(4) access to postsecondary educational opportunities is limited for adults whose educational needs have been inadequately served, or for those whose age, sex, race, disability, national origin, rural isolation, or economic or personal circumstances (such as marital status or responsibility with regard to dependent children) are barriers to such opportunities;

"(5) enrollment of adult learners (including individuals aged 50 and over) approaches or equals that of traditional students in postsecondary institutions and such enrollment patterns are changing the demography of postsecondary education;

"(6) the organizational structure and administration of postsecondary institutions often represents a significant barrier to matriculation for the adult learner and such institutions need to adapt themselves to integrate adult learners;

"(7) the Federal Government should encourage the development of institutional partnerships between the public and private sectors and postsecondary institutions for the purpose of planning and implementing effective educational programs and services for the adult learner; and

"(8) it is in the interest of the Federal Government to support continuing education for adults in order to reduce unemployment and underemployment, enhance job opportunities, and promote a well-trained, flexible, internationally competitive workforce and an educated citizenry.

"SEC. 102. DEFINITIONS.

"For the purposes of this title—

"(1) the term 'continuing education' means postsecondary instruction and support services that are designed to meet the educational needs of adult learners;

"(2) the term 'adult learner' means an individual who by reason of personal circumstance, age, gender, disability, minority status, income, rural isolation, economic or educational disadvantage, marital status, presence of dependent children, lack of or need for new employment skills (including those needed to pursue a new career) or other significant barrier (A) is not a traditional student and (B) engages in some form of structured postsecondary study to improve his or her knowledge, information skills, or employment opportunities;

"(3) the term 'eligible institution' means an institution of higher education, combinations of institutions of higher education, or consortia of any such institutions; and

"(4) the term 'qualified entity' means a public or nonprofit private organization which has—

"(A) experience in administering a program consistent with the requirements of this title; and

"(B) demonstrated the ability to coordinate, manage, and provide technical assistance to programs that receive grants under this title.

"SEC. 103. LIMITATION ON CONTRACT AUTHORITY.

"The authority to enter into contracts under this title is subject to the availability of appropriations.

"PART A—PROGRAM AND PLANNING GRANTS

"SEC. 111. INSTITUTIONAL DEVELOPMENT.

"(a) PURPOSES.—It is the purpose of this section—

"(1) to assist eligible institutions to establish programs relating postsecondary education resources more closely to the continuing educational training needs of the American work force;

"(2) to help strengthen the capacity of postsecondary institutions to respond to the continuing education needs of adults, especially those—

"(A) dislocated by technological and economic change;

"(B) seeking entry, reentry, or progression in the work force after prolonged absences due to marriage and child-rearing;

"(C) isolated from educational resources due to age or geographic location;

"(D) seeking entry into nontraditional occupations for their race of sex;

"(E) receiving Aid to Families with Dependent Children;

"(F) who are functionally illiterate; and

"(G) adults desiring to pursue a new career; and

"(3) to support cooperative arrangements between eligible institutions, community-based organizations, and private and public sector employers that will facilitate meeting the goals of paragraphs (1) and (2).

"(b) GRANTS.—To carry out the purposes of this section, the Secretary shall make grants to, and enter into contracts with, eligible institutions for activities, such as—

"(1) structuring an academic program designed to facilitate the attendance of working students, parents caring for dependent children, and individuals seeking to reenter the educational system;

"(2) making academic programs available to adult learners at convenient times and locations;

"(3) the encouragement of resource sharing for innovative uses of technology, including telecommunications (on an interstate or intrastate basis) to overcome barriers to continuing education opportunities and to develop innovative delivery systems for education programs;

"(4) the creation or expansion of education programs and curriculum, including adult literacy efforts, designed to meet the present and future needs of the labor market;

"(5) development of cooperative relationships between business and labor organizations, community-based organizations, and agencies which provide opportunities for continuing education;

"(6) the removal of barriers posed by previous education or training, age, sex, race, handicap, national origin, rural isolation or economic circumstance which may place adults at a disadvantage in seeking continuing educational opportunities;

"(7) educational information, including literacy information, student financial assistance information, and occupational information and counseling services designed to meet the special needs of inadequately served adults and to assist their entry or reentry into continuing education and the labor force;

"(8) training for administrators, faculty, and staff to improve their ability to teach and serve adult learners; and

"(9) development of remedial instruction programs for adult learners to enable them to enroll in college-level educational programs.

"(c) ADDITIONAL USE OF FUNDS.—(1) Funds awarded under this section to any eligible institution shall be used for the purposes under subsection (b), except that, to a limited extent as approved by the Secretary, such funds may also be used for program planning and development to carry out the purposes of this section including—

"(A) making adult and continuing educational opportunities available at convenient times and locations, including off-campus locations;

"(B) evaluating the responsiveness of continuing education programs to the work and career-related objectives of adults;

"(C) developing or expanding educational and occupational information and counseling services to meet the special needs of adults, including information concerning available forms of student financial assistance;

"(D) training of personnel in continuing education programs to improve their ability to serve adult learners;

"(E) developing or expanding high-technology delivery systems and curricula to ensure closer development and career transitions for adult learners;

"(F) joint planning and implementation activities between institutional and private sector representatives to expand educational opportunities;

"(G) promoting the sharing of personnel and resources between an eligible institution and an employer; and

"(H) contributing to dependent care programs for low income participants in adult and continuing education and the development of dependent care programs; and

"(I) encouraging and developing collaborative efforts between the institution or institutions and combinations of education institutions, private and public institu-

tions, organizations, business, and labor to develop programs responsive to current employment and economic conditions.

"(2) Funds made available under this section may not be used—

"(A) to purchase or rent facilities to be used in connection with the program or for general operational overhead of the eligible institution; or

"(B) to pay stipends or provide direct financial assistance to any individual participating in the programs established under this section.

"(d) APPLICATIONS FOR ASSISTANCE.—(1) Any eligible institution may submit an application to the Secretary at such time, in such form, and containing such information, as may be necessary to enable the Secretary to evaluate the need for assistance. The Secretary shall make awards on a competitive basis.

"(2) Each such application shall—

"(A) provide evidence that the eligible institution has identified the educational needs of potential adult learners in the area served by the applicant, especially those adults identified in subsection (a)(2);

"(B) describe the current continuing education program offered by the eligible institution (including information concerning the professional competence of faculty and staff, their degree of participation in the continuing education program, and institutional resources committed to the continuing education program) and the activities proposed to be developed or assisted to meet the purposes of this section;

"(C) provide assurance that Federal funds made available under this section will comprise not more than 87.5 percent of the cost of the program in the second year, 75 percent in the third year, and 62.5 percent in the fourth year;

"(D) describe procedures for evaluating the effectiveness of the activities for which a grant or contract is awarded under this section;

"(E) provide for such financial controls and accounting procedures as are necessary to ensure proper disbursement and accounting for funds made available to the applicant under this section and to ensure that funds made available under this section for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purpose of this section and in no case supplant those funds;

"(F) provide assurances that the continuing education programs, services, and activities, funded under this section will not be limited to individuals who are enrolled in programs of study that lead to baccalaureate or graduate degrees, but will also include programs for adults enrolled in noncredit continuing education programs, that address the purposes of this section;

"(G) provide assurances that the program funded under this section does not duplicate existing State funded programs, and, in the case of any public institution, that the proposed program is consistent with the State's goals for that institution;

"(H) provide the projected number of students who will participate in the program and the proposed operational budget for the program, including the specific amounts proposed to be expended for salaries;

"(I) include assurances that the applicant intends to continue the activities to be supported under the grant after termination of the grant, including a detailed plan for obtaining funds to continue such activities;

"(J) provide assurances that funds made available under this section will be used only for the purposes of this section;

"(K) provide for a reasonable period of review and comment on the proposed program by the appropriate State agency and include any such comments with the application to the Secretary; and

"(L) include such other information as the Secretary may reasonably require to carry out the provisions of this section.

"(3) In awarding grants or contracts the Secretary shall give priority consideration to eligible institutions which—

"(A) as appropriate, include area employer and employee organizations in the planning of the proposed continuing education activity and provide assurances of the continued participation of such organizations in the implementation, operation, and evaluation of the funded activities;

"(B) include assurances that the appropriate State agencies concerned with postsecondary education and State labor market and economic agencies have been consulted in the development of the proposal;

"(C) demonstrate a willingness to conduct and integrate into the curriculum work-oriented professional and technical continuing education programs;

"(D) demonstrate the capacity to obtain contributions of staff, equipment, and resources for such programs from nonacademic sources, particularly employers;

"(E) provide assurances that adults enrolled in such programs will have access to suitable and adequate financial assistance opportunities, including Federal student aid funds available for students enrolled less than half-time.

"SEC. 112. ESTABLISHMENT OF OFF-CAMPUS PROGRAM GRANTS.

"(a) PURPOSE; OFF-CAMPUS EDUCATION PROGRAMS.—The Secretary shall establish a grant program to assist postsecondary institutions in developing programs to encourage the establishment and growth of off-campus educational programs.

"(b) USES OF FUNDS.—Grants made under this section to any institution may be used for planning, developing, or operating a program designed by the institution to carry out the purposes of this section including—

"(1) the development and use of high-technology educational delivery systems using computers, radio, television, teleconferencing, video-disc, print, any combination of such components, or such other means as may provide direct use and access by individuals to off-campus programs;

"(2) the development of interstate educational delivery systems, cooperative, and consortia arrangements and programs (including telecommunications) which more effectively address regional needs for education;

"(3) training of faculty and staff to develop educational programs using creative and innovative delivery systems;

"(4) development of technological systems designed to enhance the teaching capabilities of faculty for students off-campus;

"(5) the development of curricula and student support services for students off-campus; and

"(6) acquisition (by lease or purchase) of necessary equipment, except that not more than 10 percent of such funds may be used for such acquisition.

"(c) APPLICATIONS FOR ASSISTANCE.—(1) Any eligible institution requesting assistance under this section shall submit to the Secretary an application for assistance at such time, in such form, and containing such information, as may be required by the Secretary. The Secretary shall make awards on a competitive basis taking into consideration the relative cost and effectiveness of the proposed program.

"(2) An institution, in its application for a grant, shall—

"(A) describe a program for establishing or improving delivery systems for students off-campus which shall include (i) the proposed operational budget for the program or activities to be conducted with funds received under the grant; (ii) the educational program or courses which would be made available off-campus; and (iii) the educational needs which the program is designed to address;

"(B) describe the applicant's current off-campus program or plans for an off-campus program;

"(C) provide for such financial control and accounting procedures as may be necessary to ensure proper disbursement and accounting for funds made available to the applicant under this section;

"(D) set forth policies and procedures to ensure that Federal funds made available under this section for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purposes of this section and in no case supplant those funds;

"(E) provide assurances that Federal funds made available under this section will comprise not more than 87.5 percent of the cost of the program in the second year, 75 percent in the third year, and 62.5 percent in the fourth year;

"(F) set forth policies and procedures for evaluating the effectiveness of the institution in accomplishing the proposes of the activities for which a grant is awarded under this section; and

"(G) provide such other information as the Secretary may require.

"(3) Funds made available under this section to any institution may not be used for rent or the purchase of facilities to be used in connection with the program, for general operational overhead of the institution or combination of institutions, or for salaries or stipends to students participating in the program.

"SEC. 113. ADULT AND CONTINUING EDUCATION STAFF DEVELOPMENT.

"(a) PURPOSE.—It is the purpose of this section to assist eligible institutions to provide in-service training to individuals involved in providing adult and continuing education services, including personnel involved in training offered under the Adult Education Act, the Job Training Partnership Act, the Carl D. Perkins Vocational Education Act, the Rehabilitation Act of 1973, the National Apprenticeship Act, the Older Americans Act of 1965, and the Social Security Act.

"(b) GRANTS AUTHORIZED.—To carry out the purposes of this section, the Secretary shall make grants to eligible postsecondary institutions that have entered into agreements with the Secretary to carry out an adult and continuing education staff development training program in accordance with the requirements of this section, which may include—

"(1) programs designed to enhance the pedagogical skills of the staff involved in programs offering adult and continuing education, including the training of staff and volunteers for literacy programs;

"(2) technical assistance to programs of adult education, with particular emphasis on federally funded programs; and

"(3) development of adult and continuing educational curricula materials, including adult literacy curricula, that may be used in adult and continuing education staff development training, especially materials that focus on utilization of new technologies.

"(c) APPLICATIONS FOR ASSISTANCE.—(1) Any eligible institution requesting assistance under this section shall submit to the Secretary an application for assistance at such time, in such form, and containing such information, as may be required by the Secretary. The Secretary shall make awards on a competitive basis taking into consideration the relative cost and effectiveness of the proposed program.

"(2) An institution, in its application for a grant, shall—

"(A) describe a proposal for establishing or improving staff development programs including the proposed operational budget for the program or activities to be conducted with funds made available under this section;

"(B) describe the applicant's current staff development program;

"(C) provide for such financial control and accounting procedures as may be necessary to ensure proper disbursement and accounting for funds made available to the applicant under this section;

"(D) set forth policies and procedures to ensure that Federal funds made available under this section for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purposes of this part and in no case supplant those funds;

"(E) set forth policies and procedures for evaluating the effectiveness of the institution in accomplishing the purposes of the activities for which a grant is awarded under this section; and

"(F) provide such other information as the Secretary may require.

"(3) Funds made available under this section to any institution may not be used for rent or the purchase of facilities to be used in connection with the program, for general operational overhead of the institution or combination of institutions, or for salaries or stipends to students participating in the program.

"(4) A grant under this section may not exceed $50,000 for any fiscal year and may be awarded for a period not to exceed three years.

"SEC. 114. ADMINISTRATION OF PROGRAMS BY THE SECRETARY.

"The Secretary shall ensure the equitable geographic distribution of funds under this part. In making awards under this part, the Secretary shall consider the appropriate levels of funding for urban and rural areas. Grants and contracts under sections 111 or 112 may be awarded for a period not to exceed four years and may not exceed $125,000 in the first year of funding, except that a grant or contract involving combinations of institutions of higher education or a consortia with other institutions or organizations may not exceed $175,000 in the first year.

"SEC. 115. AUTHORIZATIONS OF APPROPRIATIONS.

"There is authorized to be appropriated to carry out this part $30,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years. Not less than fifty-five percent of the funds appropriated under this section for any fiscal year shall be available only to carry out section 111.

"PART B—NATIONAL PROGRAMS

"SEC. 121. EVALUATION.

"(a) EVALUATION.—The Secretary shall enter into a contract with a qualified entity to study and evaluate the programs established under part A of this title.

"(b) SECRETARY'S RESPONSIBILITIES.—The Secretary shall assist in evaluating the status and progress of adult education and postsecondary continuing education in achieving the purposes of this title. Such assistance shall include—

"(1) an analysis of the findings of the report under subsection (a) together with suggestions for improvements in planning or program operation; and

"(2) an information network on research in adult and continuing education, the operation of model or innovative programs, successful experiences in the planning, administration, and conduct of adult and continuing education programs, and advances in curriculum and instructional practices and technologies.

"(c) REPORTS TO CONGRESS.—Not later than January 1, 1988, and every two years thereafter, the Secretary shall submit a report to the Congress on the program evaluations required under this title and on any progress in fulfilling the goals and purposes of this title. The Secretary may include in the report appropriate recommendations or legislative proposals.

"SEC. 122. ADULT LEARNING RESEARCH.

"(a) ESTABLISHMENT OF PROGRAM.—To carry out the purpose of this section by providing assistance to institutions of higher education, the Secretary is authorized to make grants to, and to enter into contracts with, eligible institutions to ensure a sustained capacity to undertake independent research and research application activities in adult and continuing education.

"(b) USES OF FUNDS.—Funds made available under this section to any eligible institution may be used for planning, developing, or operating a program which may include—

"(1) identifying and analyzing the special problems and needs of adult learners;

"(2) collecting, analyzing, and disseminating information relating to adult learners and their educational and employment objectives, with particular focus on analyzing and disseminating information on the current and projected needs of the labor market;

"(3) examining and applying uses of education technologies to reach new and isolated learners;

"(4) collecting and disseminating relevant data from Federal agencies and other national and State resources applicable to postsecondary institutional planning for continuing education, including information related to Federal and other forms of student financial assistance;

"(5) supporting training programs designed to enhance the effectiveness of faculty to teach adult learners;

"(6) developing curriculum and instructional methods for adults seeking new employment opportunities;

"(7) demonstrating and disseminating new and existing programs designed for the adult learner; and

"(8) promoting resource sharing for innovative uses of technology, including telecommunications, to overcome barriers to postsecondary educational opportunities.

"(c) APPLICATION FOR ASSISTANCE.—A grant or contract authorized by this part may be awarded by the Secretary on a competitive basis upon receipt of an application, which is submitted to the Secretary at such time or times and contains such information as the Secretary may prescribe. Each such application shall—

"(1) contain provisions that demonstrate the existing resources and academic reputation of the institution of higher education in the field of continuing education and its ability to conduct such activities; and

"(2) provide for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this part.

"SEC. 123. AUTHORIZATION OF APPROPRIATIONS.

"There is authorized to be appropriated to carry out the purposes of this part $5,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.".

TITLE II—AMENDMENTS TO TITLE II OF THE ACT

SEC. 201. PURPOSE; AUTHORIZATION.

(a) DESIGNATION OF TITLE.—The heading of title II is amended to read as follows:

The CHAIRMAN. Are there any amendments to title I?

PARLIAMENTARY INQUIRY

Mr. COLEMAN of Missouri. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. COLEMAN of Missouri. Mr. Chairman, we are proceeding title by title, but is the bill open for amendment at any point, or once we pass a title, would we have to have unanimous consent to go back to it?

The CHAIRMAN. The Chair will advise the gentleman that to go back to a title that has been passed would require unanimous consent. The Chair would point out to the gentleman that sections 1, 2, and 3, and title I have been passed.

Mr. COLEMAN of Missouri. No; title I has just been announced.

The CHAIRMAN. Title I is pending at the present time.

Mr. COLEMAN of Missouri. If I were to offer, say, an amendment to title IV, would that be in order at the present time?

The CHAIRMAN. Only by unanimous consent.

Mr. COLEMAN of Missouri. I thank the Chair.

The CHAIRMAN. Are there amendments to title I?

AMENDMENT OFFERED BY MR. EMERSON

Mr. EMERSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EMERSON: Page 24, line 11, strike out the quotation marks and the second period.

Page 24, after line 11, insert the following:

PART C—THE NATIONAL ADVISORY COUNCIL ON CONTINUING EDUCATION

ESTABLISHMENT OF NATIONAL ADVISORY COUNCIL

"SEC. 131. (a) MEMBERSHIP.—The President shall appoint an independent National Advisory Council on Continuing Education consisting of—

"(1) eight representatives of Federal agencies having postsecondary continuing education and training responsibilities, including but not limted to, one representative each from—

"(A) the Department of Education,

"(B) the Department of Agriculture,

"(C) the Department of Defense,

"(D) the Department of Labor, and

"(E) the Veterans' Administration; and

"(2) twelve members who are not full-time employees of the Federal Government appointed for three-year staggered terms including individuals—

"(A) who are knowledgeable and experienced in the field of continuing education,

"(B) who are State and local government officials, and

"(C) who are representative of postsecondary education institutions, business, labor, and community groups.

"(b) CHAIRPERSON; MEETINGS.—The Advisory Council shall elect its own Chairperson annually from among members of the Council who are not employees of the Federal Government. The Advisory Council shall meet at the call of the Chairperson but not less often than four times a year.

"(c) ADVISORY ROLE.—The Advisory Council shall advise the Secretary in the preparation of general regulations and with respect to policies and procedures arising in the administration of this title.

"(d) RECOMMENDATIONS.—The Advisory Council shall examine all federally supported continuing education and training programs and make recommendations with regard to policies to eliminate duplication and to effectuate the coordination of all federally funded continuing education programs.

"(e) ACTIVITIES.—In carrying out its responsibilities under this part, the Advisory Council may conduct studies, hearings, and other activities in order to—

"(1) identify the continuing education and training needs and goals of the Nation, and to report to the President, the Congress, and the Secretary, about the needs and goals; and

"(2) collect, analyze, and disseminate information regarding programs conducted under this title and other Federal continuing education and training programs.

"(f) ANNUAL REPORTS.—Commencing on September 30, 1986, for each fiscal year the Advisory Council shall prepare and submit an annual report to the President, the Congress, and the Secretary, of its findings and recommendations, including recommendations for changes in the provisions of this title and other Federal laws relating to continuing education and training activities. The President shall transmit each such report to the Congress with his comments and recommendations. The Advisory Council shall make such other reports or recommendations to the President, the Congress, the Secretary, or the head of any other Federal department or agency as may be appropriate.

"(g) AUTHORITY.—The Advisory Council may utilize the services and facilities of any agency of the Federal Government as may be necessary. The Advisory Council may accept, employ, and dispose of gifts or bequests to carry out its responsibilities under this title.".

Mr. EMERSON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. EMERSON. Mr. Chairman, I am endeavoring to find out at the moment whether or not this amendment is controversial, but pending that, I will proceed.

Mr. Chairman, the amendment I offer today will provide for the continued existence of the National Advisory Council on Continuing Education. As you know, the other body has removed most of title I from the bill they are considering, but it appears that they will retain certain parts that they consider most valuable. I was pleased to see that the key sponsors in the other body have agreed that the National Advisory Council will be retained in that bill.

The latest report of the Council is entitled "Education Is Work," and that is indeed true in our country today. For the first time, the majority of students enrolled in postsecondary institutions are over the age of 22. Forty-one percent of all postsecondary enrollments are adults studying on a part-time basis, most of whom are employed in the part- or full-time workforce.

Moreover, there is no doubt that the majority of adults who continue their education do so for reasons related to their employment. Many others engage in studies on their own—not because they have to, but because they want to do a better job and get ahead. There are new demands in the workplace which often make continuing education a must. Changing industries and technologies, and the necessity to keep up with the latest information on those changes, have made continuing education programs more vital than ever before. Most importantly, though, I believe there is a need in this country to continue working to link postsecondary institutions with the employing community in order to assist about 23 million functionally illiterate adult Americans develop employability skills. Having colleges and universities work with employers on continuing education simply makes good sense.

It is absolutely essential for us to ensure that our education policies will continue to focus on continuing education, which is now one of only a few major growth areas in higher education. The National Advisory Council on Continuing Education, has helped us to do that and is now seen in the professional education community and in Federal and State offices as a major source of information on the hundreds of Federal programs with which the council is familiar. Since title I has not been funded since 1981, the Council has assumed an even more important role on the Federal level in generating new ideas and information about postsecondary continuing education.

Because it operates on the Federal level, the Council has been able to engage in studies of foreign continuing education systems which will allow our country to benefit from innovations and policies followed in other nations. The Council has established a working relationship with the Paris-based Organization for Economic Cooperation and Development [OECD], and has just completed its initial study of continuing education in industrialized nations which included participants from 10 countries.

Last year, the Council operated on a budget of $288,600, and the membership of the Council feels so strongly about the importance of its mission that they contributed $18,000 from their own pockets to help fund the Council. Obviously, a small investment on our part will spur even more investment. Better still, that investment will help us to develop policies that will lead to a better trained and educated work force which cannot help but have positive effects on the economy.

My amendment sends a signal to to institutional leaders and corporate executives that the Congress recognizes the value of continuing education and that we support it. I urge the adoption of this amendment.

Mr. FORD of Michigan. Mr. Chairman, I reluctantly rise in opposition to the amendment offered by the gentleman from Missouri. I was waiting, frankly, to get the authors of title I, who have more to say about this. We relied almost entirely on their efforts in putting together what we think is a very much improved title I of the bill.

□ 1710

The Advisory Council that the gentleman speaks of reinstating was dropped in this bill because even though it has been in existence, we do not know what they are reporting on. The programs that it is supposed to be advising and counseling on have not been funded; they have been zero-funded since 1981. So it has been a sort of useless appendage, and even though money is still appropriated to pay the Council, there is no one for them to counsel. I suspect that is one of the reasons why the gentleman who worked on title I wanted to drop it.

Furthermore, the quality of the reports that they have been submitting are not particularly impressive, and we think that the Secretary of Education has ample authority under the General Education Provisions Act to create as many advisory bodies as he chooses if he feels the need for them. In other words, if we wanted to appropriate money for these programs, and the Secretary wanted to reconstitute an advisory council, we believe that he

has the authority under the permanent law to do that.

Since it was not included in the bill which I and the other Members agreed to, prepared by the gentleman from Montana [Mr. WILLIAMS], and the gentleman from Wisconsin [Mr. GUNDERSON], I must at this time oppose the gentleman's amendment.

Mr. GUNDERSON. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. GUNDERSON. Mr. Chairman, as I indicated in my introductory remarks during general debate, I and the gentleman from Montana [Mr. WILLIAMS] have been long involved in trying to find a way to make title I a viable part of the Higher Education Act. The fact is that since 1981, we have not funded title I.

The amendment before us has got to be one of the alltime unique situations in Government where, for the last 4 years, we have had an advisory commission to advise us on something on which we have not spent a dollar in that period. So we have had, through the Secretary's discretionary funding, the appropriation or the expenditure of about $1 million to keep an advisory commission going advising us on adult and continuing education when we have never funded to the tune of 1 red cent title I up to this point in time.

During this period of limiting resources, what I wanted to do, and what my colleague from Montana wanted to do, was to find a way to take a very limited amount of money and target that money toward a process that can really hopefully merit, No. 1, some appropriations in title I, but also to respond to the major needs. So what you have to ask yourself right here and now is, if you have x amount of dollars, and that is a very limited amount of dollars to spend on adult students on continuing education, do you want to spend them on an advisory council, or would you rather spend them on programs that deal directly and help people?

I have nothing against the commission or the people on the commission. As I have told them personally, if they want to get together and offer us their opinions, I promise them I will read them and I will listen to them. et cetera. Let us not spend Government dollars for an advisory commission to give us advice on something up to this point in time we have not spent a dollar on.

That is really the gist of this. Do you want to continue the commission and its staff in operation with their travel budgets, their expenditure budgets and all of that, or would you rather take those dollars and put them toward continuing education for our adult workers, and particularly those adults who, for the most part, have been laid off and do not have jobs and need to find ways to go back and get that education which will allow them to become a part of the work force?

I think whether you are a liberal or a conservative, Republican or Democrat, it becomes very hard to justify the continuation of this advisory commission in lieu of spending that money on directly helping people in need.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I will be happy to yield to the gentleman from Montana.

Mr. WILLIAMS. Mr. Chairman, I am pleased to join my colleague who was so instrumental in drafting title I in his opposition to this amendment. We have learned something this past two decades, and that is that many advisory councils which were, and still are, well-intentioned, have proven to be wonderful at raising data, adding it, subtracting it, multiplying it, taking the square root of it, and then perhaps sending us that information, usually without recommendations attached. The Congress has found that the volumes which those advisory councils have sent us, if they bother to send us anything at all, have been for the most part not very useful.

This council is a prime example, unfortunately, of that. And although I join my colleague in being a strong supporter of continuing education, I do not believe that this council is going to assist us in providing better continuing education. My colleague is particularly correct that we are trying to husband the small resources we have and to spend them on another advisory council seems to me to be dollar-foolish.

So I join the gentleman in his opposition to this amendment.

Mr. GUNDERSON. I appreciate the gentleman's remarks and I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. EMERSON].

The amendment was rejected.

The CHAIRMAN. Are there further amendments to title I?

The Clerk will designate title II.

The text of title II is as follows:

"TITLE II—ACADEMIC LIBRARY AND INFORMATION TECHNOLOGY ENHANCEMENT".

(b) PURPOSE.—Section 201(a) of the Act is amended by striking out paragraph (4) and inserting in lieu thereof the following:

"(4) college and university libraries in acquiring technological equipment and in conducting research in information technology in accordance with part D.".

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 201(b) of the Act is amended to read as follows:

"(b)(1) There are authorized to be appropriated to carry out part A $12,500,000 for the fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years. Additionally, there is authorized to be appropriated $75,000 for carrying out the study mandated in section 212.

"(2) There are authorized to be appropriated to carry out part B $5,000,000 for the fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(3) There are authorized to be appropriated to carry out part C $12,500,000 for the fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(4) There are authorized to be appropriated to carry out part D $5,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.".

SEC. 202. COLLEGE LIBRARY RESOURCES.

(a) AMENDMENT TO SECTION 211.—Section 211 of the Act is amended to read as follows:

"COLLEGE LIBRARY RESOURCES

"SEC. 211. (a) From the amount appropriated for this part, the Secretary shall make grants to eligible institutions of higher education or combinations thereof (and to branches of institutions which are located in different communities from that in which its parent institution is located). The amount of a grant under this part shall not be less than $2,000 nor more than $10,000 and shall reflect the number of full-time equivalent students enrolled at the recipient institution. If the funds are not sufficient to provide grants to all eligible institutions, grants shall be made to those institutions demonstrating the greatest need, based on the eligibility criteria in section 211(c).

"(b) A grant under this part may be made only if the application provides—

"(1) information about the institution and its library resources as prescribed by the Secretary in regulations;

"(2) satisfactory assurance that the applicant has expended for all library materials (exclusive of construction) during the institutional fiscal year preceding the year of application for which the grant is sought (hereafter called the 'base year'), from funds other than funds received under this part, an amount not less than the average annual aggregate amount or the average amount per full-time equivalent student it expended for such purposes during the two years preceding the base year;

"(3) for such fiscal control and fund accounting procedures as are necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this part;

"(4) for making such reports as the Secretary may require, including a report on how such funds received under a grant were expended, and for keeping such records and for affording such access thereto as the Secretary deems necessary to assure the correctness and verification of such reports; and

"(5) a statement setting forth how the funds received under this part will be used to improve the quality of the institution's library services.

"(c) In order to be considered an eligible institution, an institution must provide the Secretary assurance that—

"(1) the expenditures of the institution per full-time equivalent student for library materials is less than the average of the expenditures for library materials per full-time equivalent student by other institutions of comparable size and program, as determined by the Secretary in accord with definitions established by the National Center for Education Statistics; and

"(2) the number of volumes per full-time equivalent student is less than the average of such number of volumes held by institu-

tions of comparable size and program, as determined by the Secretary in accord with definitions established by the National Center for Education Statistics.

"(d) If the Secretary determines, in accordance with regulations, that there are very unusual circumstances which prevent the applicant from making the assurance required by subsection (b)(2), the requirement for such assurance may be waived. For purposes of this subsection, the term 'very unusual circumstances' means theft, vandalism, fire, flood, earthquake, or other occurrence which may temporarily reduce the level of expenditures for library materials, or which resulted in unusually high expenditures for library materials.

"(e) If the Secretary determines, in accordance with regulations, that there are very unusual circumstances which prevent an otherwise eligible institution from qualifying under subsection (c), the requirements of subsection (c) may be waived. The Secretary may not grant such waivers to more than five percent of the eligible institutions receiving grants under this part.

"(f) Grants under this part may be used only for books, periodicals, documents, magnetic tapes, computer software, phonographic records, audiovisual materials, and other related library materials (including necessary binding) and for the establishment and maintenance of networks for sharing library resources with other institutions of higher education.".

(b) STUDY OF CRITERIA AND DEFINITION OF FULL-TIME EQUIVALENT STUDENT.—Part A of title II of the Act is further amended by inserting after section 211 the following new sections:

"STUDY OF EFFECTIVENESS OF CRITERIA

"SEC. 212. The National Commission on Libraries and Information Science will conduct a study on the effectiveness of the criteria specified in section 211(c) in directing funds to libraries with the greatest need. The study shall be forwarded to the Congress no later than three years after the conclusion of the first fiscal year in which appropriations are made available for this purpose.

"DEFINITION

"SEC. 213. For purposes of this part the term 'full-time equivalent students' means the sum of the number of students enrolled full time at an institution, plus the full-time equivalent of the number of students enrolled part time at such institution (determined on the basis of the quotient of the sum of the credit hours of all part-time students divided by twelve).".

SEC. 203. REPEAL OF SPECIAL PURPOSE GRANTS.

(a) REPEAL.—Section 224 of the Act is repealed.

(b) CONFORMING AMENDMENT.—(1) Section 221 of the Act is amended to read as follows:

"GRANTS AUTHORIZED

"SEC. 221. From the amounts appropriated for this part for any fiscal year, the Secretary shall make grants in accordance with sections 222 and 223. Of such amount, two-thirds shall be available for purposes of section 222 and one-third shall be available for purposes of section 223.".

(2) Section 231(b) of the Act is amended by striking out "or 224".

SEC. 204. RESEARCH AND DEMONSTRATION.

Section 223 of the Act is amended by striking out "and information technology,".

SEC. 205. STRENGTHENING RESEARCH LIBRARY RESOURCES.

Section 231 of the Act is further amended by inserting at the end thereof the following new subsection:

"(c) In determining eligibility for assistance under this part, the Secretary shall permit institutions that do not otherwise qualify to provide additional information or documents to demonstrate the national or international significance for scholarly research of the particular collection described in the grant proposal.".

SEC. 206. COLLEGE LIBRARY TECHNOLOGY AND COOPERATION.

Part D of title II of the Act is amended to read as follows:

"PART D—COLLEGE LIBRARY TECHNOLOGY AND COOPERATION GRANTS

"ESTABLISHMENT OF PROGRAM

"SEC. 241. (a) The Secretary is authorized to make grants for technological equipment and other special purposes to—

"(1) institutions of higher education which demonstrate a need for special assistance for the planning, development, acquisition, installation, maintenance, or replacement of technological equipment (including computer hardware and software) necessary to participate in networks for sharing of library resources;

"(2) combinations of higher education institutions which demonstrate a need for special assistance in establishing and strengthening joint-use library facilities, resources, or equipment;

"(3) other public and private nonprofit organizations which provide library and information services to institutions of higher education on a formal, cooperative basis for the purpose of establishing, developing, or expanding programs or projects that improve their services to institutions of higher education; and

"(4) institutions of higher education conducting research or demonstration projects to meet special national or regional needs in utilizing technology to enhance library or information sciences.

"(b) From funds appropriated for this part, the Secretary shall make competitive awards to institutions or combinations of institutions in each of the categories described in clauses (1) through (4) of subsection (a). The minimum award shall be $15,000 and may be expended over a three-year period.

"(c) A grant under this section may be made only if the application (whether by an individual institution or a combination of institutions) is approved by the Secretary on the basis of criteria prescribed in regulations and provides satisfactory assurance that the applicant will expend during the three-year period for which the grant is sought (from funds other than funds received under this title), for the same purpose as such grant, an amount from such other sources equal to not less than one-third of such grant.

"(d) This program shall be administered in the Department of Education by an expert in library technology.".

The CHAIRMAN. Are there amendments to title II?

If not, the Clerk will designate title III.

The text of title III is as follows:

TITLE III—AMENDMENT TO TITLE III OF THE ACT

SEC. 301. REVISION OF TITLE III.

Title III of the Act is amended to read as follows:

"TITLE III—INSTITUTIONAL AID

"SEC. 301. FINDINGS AND PURPOSES.

"(a) FINDINGS.—The Congress finds that—

"(1) many institutions of higher education in this era of declining enrollments and scarce resources face problems which threaten their ability to survive;

"(2) the problems relate to the management and fiscal operations of certain institutions of higher education, as well as to an inability to engage in long-range planning, recruitment activities, and development activities;

"(3) the title III program prior to 1985 did not always meet the specific development needs of historically Black colleges and universities and other institutions with large concentrations of minority and low-income students;

"(4) the solution to the problems of these institutions would enable them to become viable, thriving institutions of higher education;

"(5) providing a minimum level of assistance to each category of eligible institutions will assure the continued participation of the institutions in the programs established in title III and enhance their role in providing access to low-income and minority students;

"(6) these institutions play an important role in the American system of higher education, and there is a strong national interest in assisting them in solving their problems and in stabilizing their management and fiscal operations; and

"(7) there is a particular national interest in aiding those institutions of higher education that have historically served students who have been denied access to postsecondary education because of race or national origin and whose participation in the American system of higher education is in the Nation's interest so that equality of access and quality of postsecondary education opportunities may be enhanced for all students.

"(b) PURPOSE.—It is the purpose of this title to assist such institutions in equalizing educational opportunity through a program of Federal assistance.

"PART A—STRENGTHENING INSTITUTIONS

"SEC. 311. PROGRAM PURPOSE.

"(a) GENERAL AUTHORIZATION.—The Secretary shall carry out a program, in accordance with this part, to improve the academic quality, institutional management, and fiscal stability of eligible institutions, in order to increase their self-sufficiency and strengthen their capacity to make a substantial contribution to the higher education resources of the Nation.

"(b) GRANTS AWARDED; SPECIAL CONSIDERATION.—From the sums available for this part under section 357(a)(1), the Secretary may award grants to any eligible institution with an application approved under section 351 in order to assist such an institution to plan, develop, or implement activities that promise to strengthen the institution. Special consideration shall be given to applications which propose, pursuant to the institution's plan, to engage in—

"(1) faculty development;

"(2) funds and administrative management;

"(3) development and improvement of academic programs;

"(4) acquisition of equipment for use in strengthening funds management and academic programs;

"(5) joint use of facilities such as libraries and laboratories; and

"(6) student services.

"SEC. 312. DEFINITIONS.

"For purposes of this part:

"(1) The term 'educational and general expenditures' means the total amount expended by an institution of higher education for instruction, research, public service, academic support (including library expenditures), student services, institutional support, scholarships and fellowships, operation, and maintenance expenditures for the physical plant, and any mandatory transfers which the institution is required to pay by law.

"(2) The term 'eligible institution' means—

"(A) an institution of higher education—

"(i)(I) which, in the case of an institution which awards a bachelor's degree, has an enrollment which includes a substantial percentage of students receiving Pell Grants in the second preceding fiscal year, in comparison with the percentage of students receiving Pell Grants at all such institutions in such fiscal year, and (II) which, in the case of junior or community colleges, has an enrollment which includes a substantial percentage of students receiving Pell Grants in the second preceding fiscal year, in comparison with the percentage of students receiving Pell Grants at all such institutions in such fiscal year;

"(ii) the average educational and general expenditures of which are low, per full-time equivalent undergraduate student, in comparison with the average educational and general expenditures per full-time equivalent undergraduate student of institutions that offer similar instruction;

"(iii)(I) is legally authorized to provide, and provides within the State, an educational program for which it awards a bachelor's degree, or (II) is a junior or community college;

"(iv) is accredited by a nationally recognized accrediting agency or association determined by the Secretary to be a reliable authority as to the quality of training offered or is, according to such an agency or association, making reasonable progress toward accreditation;

"(v) has, during the five academic years preceding the academic year for which it seeks assistance under this part—

"(I) met the requirement of either clause (iii)(I) or (iii)(II), or of both such clauses (simultaneously or consecutively); and

"(II) met the requirement of clause (iv); and

"(vi) meets such other requirements as the Secretary may prescribe;

"(B) any branch of any institution of higher education described under subparagraph (A) which by itself satisfies the requirements contained in clauses (i) and (ii) of such subparagraph;

"(C) any institution of higher education which has an enrollment of which at least 20 percent are Mexican American, Puerto Rican, Cuban, or other Hispanic students, or combination thereof, and which also satisfies the requirements of clauses (i) and (ii) of such subparagraph;

"(D) any institution of higher education which has an enrollment of at least 60 percent American Indian, Alaskan Native or Aleut, or combination thereof, and which also satisfies the requirements of clauses (i) and (ii) of such subparagraph; and

"(E) any institution of higher education which has an enrollment of which at least 5 percent are Native Hawaiian, American Samoan, Micronesian, Guamian (Chamorro), and Northern Marianian, or any combination thereof, and which also satisfies the requirements of clauses (i) and (ii) of such subparagraph.

For purposes of the determination of whether an institution is an eligible institution under this paragraph, the factor described under subparagraph (A)(i) shall be given twice the weight of the factor described under subparagraph (A)(ii).

"(3) The term 'full-time equivalent students' means the sum of the number of students enrolled full time at an institution, plus the full-time equivalent of the number of students enrolled part time (determined on the basis of the quotient of the sum of the credit hours of all part-time students divided by twelve) at such institution.

"(4) The term 'junior or community college' means an institution of higher education—

"(A) that admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located and who have the ability to benefit from the training offered by the institution;

"(B) that does not provide an educational program for which it awards a bachelor's degree (or an equivalent degree); and

"(C) that—

"(i) provides an educational program of not less than two years that is acceptable for full credit toward such a degree, or

"(ii) offers a two year program in engineering, mathematics, or the physical or biological sciences, designed to prepare a student to work as a technician or at the semiprofessional level in engineering, scientific, or other technological fields requiring the understanding and application of basic engineering, scientific, or mathematical principles of knowledge.

"SEC. 313. DURATION OF GRANT.

"(a) GRANTS OF 3 TO 7 YEARS DURATION.—The Secretary shall award a grant to an eligible institution under this part for not less than three nor more than seven years, subject for each fiscal year to the availability of appropriations therefor.

"(b) LIMITATION ON CONSECUTIVE YEARS OF PARTICIPATION.—An institution shall not receive a grant under this part for more than seven consecutive years. As regards an institution which had received a grant or grants under part A or B of this title during fiscal years 1981 through 1986, the Secretary shall include the period of such grant or grants in determining the remaining duration of such institution's eligibility.

"(c) RESUMPTION OF ELIGIBILITY.—An institution shall resume eligibility (for an additional seven consecutive years) to apply for a subsequent grant after a period of nonparticipation equal to the total number of years for which the institution received its immediately preceding grant under this part, excluding any year that the institution received a grant pursuant to subsection (d)(1) or (d)(2). As regards an institution which had received a grant or grants under part A or B of this title during fiscal years 1981 through 1986, the Secretary shall add the period of such grant or grants to the period of the immediately preceding grant referred to in the previous sentence for the purpose of determining the first period of nonparticipation.

"(d) EXCEPTIONS.—(1) Notwithstanding subsection (a), the Secretary may award a grant to an eligible institution under this part for a period of one year for the purpose of assisting such institution in the preparation of plans and applications under this part.

"(2) The Secretary may waive the requirements of subsections (a), (b), and (c) and permit an institution to receive a grant under this part for an additional year or years if the Secretary determines that the institution has not achieved the purposes of the grant but has made, and requires extension of grant eligibility to continue to make, substantial progress in achieving such purposes. The Secretary shall make such determinations on the basis of evaluations conducted pursuant to a contract with an organization qualified to make an independent judgment on the merits of granting the waiver.

"PART B—STRENGTHENING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

"SEC. 321. FINDINGS AND PURPOSES.

"The Congress finds that—

"(1) the historically Black colleges and universities have contributed significantly to the effort to attain equal opportunity through postsecondary education for Black, low-income, and educationally disadvantaged Americans;

"(2) States and the Federal Government have discriminated in the allocation of land and financial resources to support Black public institutions under the Morrill Act of 1862 and its progeny, and against public and private Black colleges and universities in the award of Federal grants and contracts, and the distribution of Federal resources under the Higher Education Act of 1965 and other Federal programs which benefit institutions of higher education;

"(3) the current state of Black colleges and universities is partly attributable to the discriminatory action of the States and the Federal Government and this discriminatory action requires the remedy of enhancement of Black postsecondary institutions to ensure their continuation and participation in fulfilling the Federal mission of equality of educational opportunity; and

"(4) financial assistance to establish or strengthen the physical plants, financial management, academic resources, and endowments of the historically Black colleges and universities are appropriate methods to enhance these institutions and facilitate a decrease in reliance on governmental financial support and to encourage reliance on endowments and private sources.

"SEC. 322. DEFINITIONS.

"For the purposes of this part:

"(1) The term 'graduate' means an individual who has attended an institution for at least three semesters and fulfilled academic requirements for undergraduate studies in not more than five consecutive school years.

"(2) The term 'part B institution' means any historically Black college or university that was established prior to 1964, whose principal mission was, and is, the education of Black Americans, and that is accredited by a nationally recognized accrediting agency or association determined by the Secretary to be a reliable authority as to the quality of training offered or is, according to such an agency or association, making reasonable progress toward accreditation.

"(3) The term 'Pell Grant recipient' means a recipient of financial aid under title IV, part A, subpart 1 of the Higher Education Act of 1965.

"(4) The term 'professional and academic areas in which Blacks are underrepresented' shall be determined by the Secretary and the Commissioner of the Bureau of Labor Statistics, on the basis of the most recent available satisfactory data, as professional and academic areas in which the percentage of Black Americans who have been educated, trained, and employed is less than the percentage of Blacks in the general population.

"(5) The term 'school year' means the period of 12 months beginning July 1 of any calendar year and ending June 30 of the following calendar year.

"SEC. 323. GRANTS TO INSTITUTIONS.

"(a) GENERAL AUTHORIZATION; USES OF FUNDS.—From amounts available in any fiscal year the Secretary shall make grants (under section 324) to institutions which have applications approved by the Secretary (under section 325) for any of the following uses:

"(1) Purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes.

"(2) Construction, maintenance, renovation, and improvements in classroom, library, laboratory, and other instructional facilities.

"(3) Support of faculty exchanges and faculty fellowships to assist faculty in attaining advanced degrees in their field of instruction.

"(4) Academic instruction in disciplines in which Black Americans are underrepresented.

"(5) Purchase of library books, periodicals, microfilm, and other educational materials.

"(6) Tutoring, counseling, and student service programs designed to improve academic success.

"(b) LIMITATION.—No grant may be made under this Act for any educational program, activity, or service related to sectarian instruction or religious worship, or provided by a school or department of divinity. For purposes of this subsection, the term 'school or department of divinity' means an institution or department whose program is specifically for the education of students to prepare them to become ministers of religion or to enter upon some other religious vocation, or to prepare them to teach theological subjects.

"SEC. 324. ALLOTMENTS TO INSTITUTIONS.

"(a) ALLOTMENT; PELL GRANT BASIS.—From the amounts appropriated to carry out this part for any fiscal year, the Secretary shall allot to each part B institution a sum which bears the same ratio to one-half that amount as the number of Pell grant recipients in attendance at such institution in the second preceding fiscal year bears to the total number of Pell Grant recipients at all part B institutions in such fiscal year.

"(b) ALLOTMENT; GRADUATES BASIS.—From the amounts appropriated to carry out this part for any fiscal year, the Secretary shall allot to each part B institution a sum which bears the same ratio to one-fourth that amount as the number of graduates for such school year at such institution bears to the total number of graduates for such school year at all part B institutions.

"(c) ALLOTMENT; GRADUATE AND PROFESSIONAL STUDENT BASIS.—From the amounts appropriated to carry out this part for any fiscal year, the Secretary shall allot to each part B institution a sum which bears the same ratio to one-fourth that amount as the number of graduates, who are admitted to and in attendance at a graduate or professional school in a degree program in disciplines in which Blacks are underrepresented, bears to the number of such graduates for all part B institutions.

"(d) REALLOTMENT.—The amount of any part B institution's allotment under subsection (a), (b), or (c) for any fiscal year which the Secretary determines will not be required for such institution for the period such allotment is available shall be available for reallotment from time to time, on such date, during such period as the Secretary may determine, to other part B institutions in proportion to the original allotment to such other institutions under this section for such fiscal year.

"(e) SPECIAL RULE.—In any fiscal year that the Secretary determines that Howard University or the University of the District of Columbia will receive an allotment under subsections (b) and (c) of this section which is not in excess of amounts received by Howard University under the act of March 2, 1867 (14 Stat. 438; 20 U.S.C. 123), relating to annual authorization of appropriations for Howard University, or by the University of the District of Columbia under the District of Columbia Self-Government and Governmental Reorganization Act (87 Stat. 774) for such fiscal year, then Howard University and the University of the District of Columbia, as the case may be, shall be ineligible to receive an allotment under this section.

"SEC. 325. APPLICATIONS.

"(a) CONTENTS.—No part B institution shall be entitled to its allotment of Federal funds for any grant under section 324 for any period unless that institution submits an application to the Secretary at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require. Each such application shall—

"(1) provide that the payments under this Act will be used for the purposes set forth in section 322; and

"(2) provide for making an annual report to the Secretary and for auditing the books and monitoring expenditures as may be reasonably required to carry out this Act.

"(b) APPROVAL.—The Secretary shall approve any application which meets the requirements of subsection (a) and shall not disapprove any application submitted under this title, or any modification thereof, without first affording such institution reasonable notice and opportunity for a hearing.

"SEC. 326. PROFESSIONAL OR GRADUATE INSTITUTIONS.

"(a) GENERAL AUTHORIZATION.—(1) Subject to the availability of funds appropriated to carry out this section, the Secretary shall award program grants to each of the postgraduate institutions listed in subsection (e) that is determined by the Secretary to be making a substantial contribution to the legal, medical, dental, veterinary or other graduate educational opportunities for Black Americans.

"(2) No grant in excess of $500,000 may be made under this section unless the postgraduate institution provides assurances that 50 per centum of the cost of the purposes for which the grant is made will be paid from non-Federal sources.

"(b) DURATION.—Grants shall be made for a period not to exceed five years. No more than two five-year grants (for a period of not more than ten years) may be made to any one undergraduate or postgraduate institution.

"(c) USES OF FUNDS.—A grant under this section may be used for—

"(1) any of the purposes enumerated under section 323;

"(2) to establish or improve a development office to strengthen and increase contributions from alumni and the private sector; and

"(3) to assist in the establishment or maintenance of an institutional endowment to facilitate financial independence pursuant to section 333 of this title.

"(d) APPLICATION.—Any institution eligible for a grant under this section shall submit an application which—

"(1) demonstrates how the grant funds will be used to improve graduate educational opportunities for Black and low-income students, and lead to greater financial independence; and

"(2) provides, in the case of applications for grants in excess of $500,000, the assurances required by subsection (a)(2) and specifies the manner in which the eligible institution is going to pay the non-Federal share of the cost of the application.

"(e) ELIGIBLE PROFESSIONAL OR GRADUATE INSTITUTIONS.—Independent professional or graduate institutions eligible for grants under subsection (a) include—

"(1) Morehouse School of Medicine;

"(2) Meharry Medical School;

"(3) Charles R. Drew Postgraduate Medical School;

"(4) Atlanta University; and

"(5) Tuskegee Institute School of Veterinary Medicine.

"SEC. 327. REPORTING AND AUDIT REQUIREMENTS.

"(a) RECORDKEEPING.—Each recipient of a grant under this title shall keep such records as the Secretary shall prescribe, including records which fully disclose—

"(1) the amount and disposition by such recipient of the proceeds of such assistance,

"(2) the cost of the project or undertaking in connection with which such assistance is given or used,

"(3) the amount of that portion of the cost of the project or undertaking supplied by other sources, and

"(4) such other records as will facilitate an effective audit.

"(b) REPAYMENT OF UNEXPENDED FUNDS.—Any funds paid to an institution and not expended or used for the purposes for which such funds were paid within ten years after the beginning of the first fiscal year for which funds are appropriated to carry out this part shall be repaid to the Treasury of the United States.

"PART C—CHALLENGE GRANTS FOR INSTITUTIONS ELIGIBLE FOR ASSISTANCE UNDER PART A OR PART B

"SEC. 331. ESTABLISHMENT OF CHALLENGE GRANT PROGRAM.

"(a) GENERAL AUTHORIZATION; ELIGIBILITY.—(1) From the sums available under section 357(a)(3) for each fiscal year, the Secretary may award a challenge grant to each institution—

"(A) which is an eligible institution under part A or would be considered to be such an institution if section 312(2)(A)(iii) referred to a postgraduate degree rather than a baccalaureate degree;

"(B) which is a part B institution or would be considered to be such an institution if section 324 referred to a postgraduate degree rather than a baccalaureate degree; or

"(C) which is an institution that makes a substantial contribution to postgraduate medical educational opportunities for minorities and the economically disadvantaged.

"(b) DURATION OF GRANT.—The Secretary may make a grant under this section for a period of not more than five years, subject to annual appropriations.

"SEC. 332. APPLICATIONS FOR CHALLENGE GRANTS.

"(a) CONTENTS.—Any institution eligible for a challenge grant under section 331(a) may apply for such a grant under section 351, except that the application for the purpose of this part shall—

"(1) provide evidence that funds are currently available to the applicant to match funds that the Secretary is requested to make available to the institution as a challenge grant;

"(2) in the case of an application by a public institution, contain the recommendations of an appropriate State agency responsible for higher education in the State, or provide evidence that the institution requested the State agency to comment but the State agency failed to comment; and

"(3) in the case of an application by an institution described under section 331(a)(1)(B), demonstrate how challenge grant funds will be used to achieve financial independence.

"(b) NOTICE OF APPROVAL.—Not later than July 1 of the fiscal year preceding the fiscal year in which any grant is to be made under this part, the Secretary shall determine which institutions will receive challenge grants under this part and notify the institutions of the amount of the grant.

"(c) PREFERENCE.—In approving applications for grants under this part, preference shall be given to institutions which are receiving, or have received, grants under part A or part B.

"SEC. 333. CHALLENGE GRANTS.

"(a) PURPOSE; DEFINITIONS.—(1) The purpose of this section is to establish a program to provide matching grants to eligible institutions of higher education in order to establish or increase endowment funds at such institutions, to provide additional incentives to promote fundraising activities by such institutions, and to foster increased independence and self-sufficiency at such institutions.

"(2) For purposes of this section:

"(A) The term 'endowment fund' means a fund established by State law, by an institution of higher education, or by a foundation which is exempt from taxation and is maintained for the purpose of generating income for the support of the institution, but which shall not include real estate.

"(B) The term 'endowment fund corpus' means an amount equal to the grant or grants awarded under this section plus an amount equal to such grant or grants provided by the institution.

"(C) The term 'endowment fund income' means an amount equal to the total value of the endowment fund established under this section minus the endowment fund corpus.

"(b) GRANTS AUTHORIZED.—(1) From sums available for this section under section 357, the Secretary is authorized to award challenge grants to eligible institutions of higher education to establish or increase an endowment fund at such institution. Such grants shall be made only to eligible institutions described in paragraph (4) whose applications have been approved pursuant to subsection (g).

"(2) No institution shall receive a grant under this section, unless such institution has deposited in its endowment fund established under this section an amount equal to the amount of such grant. The source of funds for this institutional match shall not include Federal funds or funds from an existing endowment fund.

"(3) The period of a grant under this section shall be not more than twenty years. During the grant period, an institution may not withdraw or expend any of the endowment fund corpus. After the termination of the grant period, an institution may use the endowment funds corpus plus any endowment fund income for any educational purpose.

"(4)(A) An institution of higher education is eligible to receive a grant under this section if it is an eligible institution as described in section 331(a)(1).

"(B) No institution shall be ineligible for a challenge grant for a fiscal year by reason of the previous receipt of such a grant but no institution shall be eligible to receive such a grant for more than two fiscal years out of any period of five consecutive fiscal years.

"(5) A challenge grant under this section to an eligible institution shall—

"(A) not be less than $50,000 for any fiscal year; and

"(B) not be more than (i) $250,000 for fiscal year 1987; or (ii) $500,000 for fiscal year 1988 or any succeeding fiscal year.

"(6)(A) An eligible institution may designate a foundation, which was established for the purpose of raising money for the institution, as the recipient of the grant awarded under this section.

"(B) The Secretary shall not award a grant to a foundation on behalf of an institution unless—

"(i) the institution assures the Secretary that the foundation is legally authorized to receive the endowment fund corpus and is legally authorized to administer the fund in accordance with this section and any implementing regulations;

"(ii) the foundation agrees to administer the fund in accordance with the requirements of this section and any implementing regulations; and

"(iii) the institution agrees to be liable for any violation by the foundation of the provisions of this section and any implementing regulations, including any monetary liability that may arise as a result of such violation.

"(c) GRANT AGREEMENT; ENDOWMENT FUND PROVISIONS.—(1) An institution awarded a grant under this section shall enter into an agreement with the Secretary containing satisfactory assurances that it will (A) immediately comply with the matching requirements of subsection (b)(2), (B) establish an endowment fund independent of any other such fund of the institution, (C) invest the endowment fund corpus, and (D) meet the other requirements of this section.

"(2)(A) An institution shall invest the endowment fund corpus and endowment fund income in low-risk securities in which a regulated insurance company may invest under the law of the State in which the institution is located such as a federally insured bank savings account or comparable interest bearing account, certificate of deposit, money market fund, mutual fund, or obligations of the United States.

"(B) The institution, in investing the endowment fund established under this section, shall exercise the judgment and care, under the circumstances then prevailing, which a person of prudence, discretion, and intelligence would exercise in the management of his or her own affairs.

"(3)(A) An institution may withdraw and expend the endowment fund income to defray any expenses necessary to the operation of such institution, including expenses of operations and maintenance, administration, academic and support personnel, construction and renovation, community and student services programs, and technical assistance.

"(B)(i) Except as provided in clause (ii), an institution may not spend more than 50 percent of the total aggregate endowment fund income earned prior to the time of expenditure.

"(ii) The Secretary may permit an institution to spend more than 50 percent of the endowment fund income notwithstanding clause (i) if the institution demonstrates such an expenditure is necessary because of (I) a financial emergency, such as a pending insolvency or temporary liquidity problem; (II) a life-threatening situation occasioned by a natural disaster or arson; or (III) any other unusual occurrence or exigent circumstance.

"(d) REPAYMENT PROVISIONS.—(1) If at any time an institution withdraws part of the endowment fund corpus, the institution shall repay to the Secretary an amount equal to 50 percent of the withdrawn amount, which represents the Federal share, plus income earned thereon. The Secretary shall use such repaid funds to make additional challenge grants, or to increase existing challenge or endowment grants, to other eligible institutions.

"(2) If an institution expends more of the endowment fund income than is permitted under subsection (c), the institution shall repay the Secretary an amount equal to 50 percent of the amount improperly expended (representing the Federal share thereof). The Secretary shall use such repaid funds to make additional challenge grants, or to increase existing challenge or endowment grants, to other eligible institutions.

"(e) AUDIT INFORMATION.—An institution receiving a grant under this section shall provide to the Secretary (or a designee thereof) such information (or access thereto) as may be necessary to audit or examine expenditures made from the endowment fund corpus or income in order to determine compliance with this section.

"(f) SELECTION CRITERIA.—In selecting eligible institutions for grants under this section for any fiscal year, the Secretary shall—

"(1) give priority to an applicant which is a recipient of a grant made under part A or B of this title during the academic year in which the applicant is applying for a grant under this section; and

"(2) give priority to an applicant with a greater need for such a grant, based on the current market value of the applicant's existing endowment in relation to the number of full-time equivalent students enrolled at such institution;

"(3) consider—

"(A) the effort made by the applicant to build or maintain its existing endowment fund; and

"(B) the degree to which an applicant proposes to match the grant with nongovernmental funds.

"(g) APPLICATION.—Any institution which is eligible for assistance under this section may submit to the Secretary a grant application at such time, in such from, and containing such information as the Secretary may prescribe. Subject to the availability of appropriations to carry out this section and consistent with the requirement of subsection (f), the Secretary may approve an application for a grant if an institution, in its application, provides adequate assurances that it will comply with the requirements of this section.

"(h) TERMINATION AND RECOVERY PROVISIONS.—(1) After notice and an opportunity for a hearing, the Secretary may terminate and recover a grant awarded under this section if the grantee institution—

"(A) expends portions of the endowment fund corpus or expends more than the permissible amount of the endowment funds income as prescribed in subsection (c)(3);

"(B) fails to invest the endowment fund in accordance with the investment standards set forth in subsection (c)(2); or

"(C) fails to properly account to the Secretary concerning the investment and expenditures of the endowment funds.

"(2) If the Secretary terminates a grant under paragraph (1), the grantee shall return to the Secretary an amount equal to the sum of each original grant or grants under this section plus income earned thereon. The Secretary shall use such repaid funds to make additional endowment grants, or to increase existing challenge or endowment grants, to other eligible institutions under this part.

"PART D—RESERVATION FROM PART A APPROPRIATION

"SEC. 341. STATEMENT OF FINDINGS AND PURPOSE.

"(a) FINDINGS.—The Congress finds that—

"(1) Hispanic and Black students in the United States are heavily concentrated in public postsecondary institutions, especially in two-year community colleges;

"(2) Hispanic, Black, and Native American, including Native American Pacific Islander, students rarely transfer to a four-year institution of higher education, after receiving an associate degree, and often do not complete the requirements for a baccalaureate degree even when they enroll in a four-year institution;

"(3) Black students in the United States have historically been denied equal educational opportunities in postsecondary education and are significantly underrepresented in 4-year baccalaureate programs as well as graduate and professional programs;

"(4) Native American students are the most grossly underrepresented of all American minorities in higher education, constituting one-half of 1 percent of all students, and 0.3 percent of those receiving degrees; and Hispanics comprise 3 percent of all students in higher education, with less than 3 percent receiving bachelors, masters, and doctoral degrees;

"(5) Native Hawaiians represent less than 5 percent of the population of Hawaii who hold a college degree; less than 25 percent of the traditional college-age population actually attends college;

"(6) although in some of the Pacific Basin territories (Northern Mariana Islands) fewer than 20 percent actually complete more than a high school education, (A) a single community college may be the only form of postsecondary education available on the island, (B) many teachers possess an associate's degree or less, and (C) literacy rates in both English and the native language rank far-below national averages; and

"(7) the special problems of providing higher education opportunities for Puerto Ricans in the Commonwealth of Puerto Rico require separate attention and different solutions than those which relate to Hispanics in the United States.

"(b) PURPOSE.—It is therefore the purpose of this part to provide a set-aside to address the special needs of Black, Hispanic, Native American, and Pacific Basin students, when they constitute a significant portion of the institutional student population.

"SEC. 342. RESERVATIONS.

"Of the sums appropriated under section 357(a)(1) for any fiscal year for part A, the Secretary shall make available for use for the purpose of such part—

"(1) $45,700,000 to eligible institutions under part A (excluding institutions receiving assistance under part B of this title) which serve the highest percentages of Black, Mexican American, Puerto Rican, Cuban, other Hispanic, American Indian, Alaskan Native, Aleut, Native Hawaiian, American Samoan, Micronesian, Guamian (Chamorro), and Northern Marianian students or any combination thereof; and

"(2) not less than 30 percent to institutions that are junior or community colleges.

"PART E—GENERAL PROVISIONS

"SEC. 351. APPLICATIONS FOR ASSISTANCE.

"(a) APPLICATION REQUIRED; APPROVAL.—Any institution which is eligible for assistance under this title shall submit to the Secretary an application for assistance at such time, in such form, and containing such information, as may be necessary to enable the Secretary to evaluate its need for assistance. Subject to the availability of appropriations to carry out this title, the Secretary may approve an application for a grant under this title if the application meets the requirements of subsection (b) and shows that the applicant is eligible for assistance in accordance with the part of this title under which the assistance is sought.

"(b) CONTENTS.—An institution, in its application for a grant, shall—

"(1) set forth or describe how it will develop a comprehensive development plan to strengthen the institution's academic quality and institutional management, and otherwise provide for institutional self-sufficiency and growth (including measurable objectives for the institution and the Secretary to use in monitoring the effectiveness of activities under this title);

"(2) set forth policies and procedures to ensure that Federal funds made available under this title for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purposes of section 311(b) or 323, and in no case supplant those funds;

"(3) set forth policies and procedures for evaluating the effectiveness in accomplishing the purpose of the activities for which a grant is sought under this title;

"(4) provide for such fiscal control and fund accounting procedures as may be necessary to ensure proper disbursement of and accounting for funds made available to the applicant under this title;

"(5) provide (A) for making such reports, in such form and containing such information, as the Secretary may require to carry out the functions under this title, including not less than one report annually setting forth the institution's progress toward achieving the objectives for which the funds were awarded, and (B) for keeping such records and affording such access thereto, as the Secretary may find necessary to assure the correctness and verification of such reports;

"(6) provide that the institution will comply with the limitations set forth in section 355;

"(7) describe in a comprehensive manner any proposed project for which funds are sought under the application and include—

"(A) a description of the various components of the proposed project including the estimated time required to complete each such component;

"(B) in the case of any proposed project which consists of several components (as described by the applicant pursuant to subparagraph (A)), a statement identifying those components which, if separately funded, would be sound investments of Federal funds and those components which would be sound investments of Federal funds only if funded under this title in conjunction with other parts of the proposed project (as specified by the applicant);

"(C) an evaluation by the applicant of the priority given any proposed project for which funds are sought in relation to any other projects for which funds are sought by the applicant under this title, and a similar evaluation regarding priorities among the components of any single proposed project (as described by the applicant pursuant to subparagraph (A));

"(D) information explaining the manner in which the proposed project will assist the applicant to prepare for the critical financial problems that all institutions of higher education will face during the subsequent decade as a result of declining enrollments, increased energy costs, and other problems;

"(E) a detailed budget showing the manner in which funds for any proposed project would be spent by the applicant; and

"(F) a detailed description of any activity which involves the expenditure of more than $25,000, as identified in the budget referred to in subparagraph (E); and

"(8) include such other information as the Secretary may prescribe.

"(c) PRIORITY CRITERIA PUBLICATION REQUIRED.—The Secretary shall publish in the Federal Register, pursuant to chapter 5 of title 5, United States Code, all policies and procedures required to exercise the authority set forth in subsection (a). No other criteria, policies, or procedures shall apply.

"SEC. 352. APPLICATION REVIEW PROCESS.

"(a) REVIEW PANEL.—(1) All applications submitted under this title by institutions of higher education shall be read by a panel of readers composed of individuals selected by the Secretary. The Secretary shall assure that no individual assigned under this section to review any application has any conflict of interest with regard to the application which might impair the impartiality with which the individual conducts the review under this section.

"(2) The Secretary shall take care to assure that representatives of historically and predominantly Black colleges, Hispanic institutions, Native American colleges and universities and institutions with substantial numbers of Hispanics, Native Americans, and Native American Pacific Islanders are included as readers.

"(3) All readers selected by the Secretary shall receive thorough instruction from the Secretary regarding the evaluation process for applications submitted under this title and consistent with the provisions of this title, including—

"(A) explanations and examples of the types of activities referred to in section 311(b) that should receive special consideration for grants awarded under part A and of the types of activities referred to in section 323 that should receive special consideration for grants awarded under part B;

"(B) an enumeration of the factors to be used to determine the quality of applications submitted under this title; and

"(C) an enumeration of the factors to be used to determine whether a grant should be awarded for a project under this title, the amount of any such grant, and the duration of any such grant.

"(b) RECOMMENDATIONS OF PANEL.—In awarding grants under this title, the Secretary shall take into consideration the recommendations of the panel made under subsection (a).

"(c) NOTIFICATION.—Not later than June 30 of each year, the Secretary shall notify each institution of higher education making an application under this title of—

"(1) the scores given the applicant by the panel pursuant to this section,

"(2) the recommendations of the panel with respect to such application, and

"(3) the reasons for the decision of the Secretary in awarding or refusing to award a grant under this title, and modifications, if any, in the recommendations of the panel made by the Secretary.

"SEC. 353. COOPERATIVE ARRANGEMENTS.

"(a) GENERAL AUTHORITY.—The Secretary may make grants to encourage cooperative arrangements—

"(1) with funds available to carry out part A, between institutions eligible for assistance under part A and between such institutions and institutions not receiving assistance under this title; or

"(2) with funds available to carry out part B, between institutions eligible for assistance under part B and institutions not receiving assistance under this title;

for the activities described in section 311(b) or section 323, as the case may be, so that the resources of the cooperating institutions might be combined and shared to achieve the purposes of such parts and avoid costly duplicative efforts and to enhance the development of part A and part B eligible institutions.

"(b) PRIORITY.—The Secretary shall give priority to grants for the purposes described under subsection (a) whenever the Secretary determines that the cooperative arrangement is geographically and economically sound or will benefit the applicant institution.

"(c) DURATION.—Grants to institutions having a cooperative arrangement may be made under this section for a period as determined under section 313 or section 323.

"SEC. 354. PENALTIES.

"Whoever, being an officer, director, agent, or employee of, or connected in any capacity with, any recipient of Federal financial assistance or grant pursuant to this title embezzles, willfully misapplies, steals, or obtains by fraud any of the funds which are the subject of such grant or assistance, shall be fined not more than $10,000 or imprisoned for not more than two years, or both.

"SEC. 355. ASSISTANCE TO INSTITUTIONS UNDER OTHER PROGRAMS.

"(a) ASSISTANCE ELIGIBLITY.—Each institution which the Secretary determines to be an institution eligible under part A or an institution eligible under part B shall be eligible for waivers in accordance with subsection (b).

"(b) WAIVER APPLICABILITY.—(1) Subject to, and in accordance with, regulations promulgated for the purpose of this section, in the case of any application by an institution referred to in subsection (a) for assistance under any programs specified in paragraph (2), the Secretary is authorized, if such application is otherwise approvable, to waive any requirement for a non-Federal share of the cost of the program or project, or, to the extent not inconsistent with other law, to give, or require to be given, priority consideration of the application in relation to applications from other institutions.

"(2) The provisions of this section shall apply to any program authorized by title II, IV, VII, or VIII of this Act.

"(c) LIMITATION.—The Secretary shall not waive, under subsection (b), the non-Federal share requirement for any program for applications which, if approved, would require the expenditure of more than 10 percent of the appropriations for the program for any fiscal year.

"SEC. 356. LIMITATIONS.

"The funds appropriated under section 357 may not be used—

"(1) for a school or department of divinity or any religious worship or sectarian activity;

"(2) for an activity that is inconsistent with a State plan for desegregation of higher education applicable to such institution;

"(3) for an activity that is inconsistent with a State plan of higher education applicable to such institution; or

"(4) for purposes other than the purposes set forth in the approved application under which the funds were made available to the institution.

"SEC. 357. AUTHORIZATIONS OF APPROPRIATIONS.

"(a) AUTHORIZATIONS.—(1) There are authorized to be appropriated to carry out part A $175,000,000 for the fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(2)(A) There are authorized to be appropriated to carry out part B (other than section 326) $110,000,000 for the fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(B) There are authorized to be appropriated to carry out section 326 $2,500,000 for fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(3) There are authorized to be appropriated to carry out part C $35,000,000 for the fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(b) USE OF MULTIPLE YEAR AWARDS.—(1) In the event of a multiple year award to any institution under this title, the Secretary shall make funds available for such award from funds appropriated for this title for the fiscal year in which such funds are to be used by the recipient.

"(2) From the sums appropriated for part C, the Secretary shall reserve such sums as may be necessary to fund continuation awards for institutions which had received multiple year challenge grants under part C prior to fiscal year 1987. From the sums appropriated for part B, the Secretary shall reserve such sums as may be necessary to fund continuation awards for historically Black colleges and universities which had received multiple year awards under part A or B prior to such year. From the sums appropriated for part A, the Secretary shall reserve such sums as may be necessary to fund continuation grants for all other institutions which had received multiple year awards under part A or B prior to such year.".

AMENDMENT OFFERED BY MRS. BURTON OF CALIFORNIA

Mrs. BURTON of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. BURTON of California: Page 61, line 5, insert ", Asian American," after "Hispanic".

Page 62, line 12, strike out "and"; on line 17, strike out the period and insert in lieu thereof "; and"; and after such line insert the following:

"(8) many Asian American students attain a reduced level of academic achievement in postsecondary institutions as a consequence of low socio-economic background, welfare dependency, limited English proficiency, and other cultural impediments.

Page 62, line 20, insert "Asian American," after "Native American,".

Page 63, line 10, insert "Asian American," after "Aleut,".

Page 67, line 22, insert "Asian Americans," after "Native Americans,".

Mrs. BURTON of California. Mr. Chairman, the amendment would include Asian Americans in the provisions of title III which are designed to assist postsecondary institutions with large numbers of minority students.

As my colleagues may already know, the overwhelming majority of Asian Americans live in California and attend college there. In 1983, Asian-American undergraduate enrollment in California State systems and community colleges totaled 167,900. For the record, I am submitting a breakdown of those institutions; their minority enrollment percentages without the inclusion of Asian Americans, and their percentages with Asian Americans.

We have heard a great deal lately about the extraordinary levels of academic achievement being made by Asian Americans. In stark contrast, however, are the many Asian Americans who attend the California State University or community colleges and come from economically and/or educationally disadvantaged homes and communities. Many Asian-American students enter these institutions of higher learning in California with severe English language problems and poor writing skills. In addition, while these students may perform well in scientific and technical studies, they often do not perform well in other areas of study.

Asian-American students are enrolling in large numbers in English as a second language—ESL classes. Ultimately, the system's ability to provide comprehensive, remedial educational services, curriculum, and facilites for all economically disadvantaged students from all ethnic and racial groups, is reduced.

H.R. 3700 provides higher education institutions with high-impacted minority enrollment the opportunity to upgrade academic services, to reduce class size, and to improve facilities for a more conducive learning environment. Unless amended, the exclusion of Asian Americans as a minority group in H.R. 3700 will weaken the competitiveness of California State University campuses at east Los Angeles, Dominguez Hills, San Jose, and San Francisco to secure Federal funds under title III of the Higher Education Act. The inclusion of Asian Americans as a minority group in H.R. 3700 will benefit black and Hispanic students as well as Asian Americans who attend these colleges and universities.

This amendment is supported by:

Chinese for Affirmative Action;

Asian Pacific American Bar Association;

Mexican American Legal Defense and Education Fund;

California community colleges; and

California State University.

Mr. Chairman, I would like to conclude by thanking my friend from California, the chairman of the committee, and my colleague from Michigan, the chairman of the subcommittee who have labored long and hard to fashion this legislation which will have a major effect on the college education of millions of students. This legislation is inventive and it is fair and I urge every Member of the House to vote "yes" on final passage.

[In percent]

College	Title III minority undergraduate enrollment	
	Excluding Asians	With Asians
California State University:		
Los Angeles	42.4	69.5
Dominguez Hills	51.5	60.3
San Francisco	13.7	35.4
Fresno	20.4	25.6
San Jose	17.5	32.2
California community colleges:		
San Francisco Community College District	25.4	70.3
Rancho Santiago District (Santa Ana area colleges)	30.2	42.4
Los Angeles Community College District	40.3	52.7
San Jose Community College District	23.6	34.9
Los Rios District (Sacramento area colleges)	17.9	27

Mr. HAWKINS. Mr. Chairman, will the gentleman yield?

Mrs. BURTON of California. I yield to the gentleman from California.

Mr. HAWKINS. Mr. Chairman, may I indicate that I have reviewed this with the chairman of the subcommittee and we are willing certainly to accept it. It is a technical oversight. It was never presumed that Asian Americans would be excluded from the benefits of these programs.

The money goes to the institution and not to any enumerated class of students. They obviously would have been entitled to the benefit.

I think, however, in stipulating the classes that would be considered for triggering purposes that this was an oversight, and certainly we are willing to accept the amendment on this side.

I commend the gentlewoman from California for her diligence in calling this to our attention.

Mrs. BURTON of California. I thank the gentleman. I have stated to all those Asian Americans who wanted to listen that it was purely an oversight because you and I discussed it, Mr. Chairman, and you told me it was an oversight. I thank you very much and want to thank the chairman of the committee and the subcommittee, the gentleman from Michigan [Mr. FORD] for having done a magnificent job in long laboring to fashion this marvelous piece of legislation which will have a major effect on the college education of millions of students, and I hope everyone will support this legislation.

I yield back the balance of my time.

Mr. MINETA. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I rise in strong support of the amendment offered by my colleague, Mrs. BURTON.

This is an important amendment, and I congratulate Mrs. BURTON for her leadership in proposing this amendment at this time.

Throughout California and other States there are American students of Asian ancestry with the full range of special needs and concerns that are shared by all minority students. Many of these students are recent immigrants and refugees, who now swell the public schools and universities in California.

By adopting this amendment, we not only protect the rights of those students of Asian ancestry, but we also assist all schools with a significant portion of minority students. This is because many California schools that have large Asian or Pacific ancestry student bodies also have large black or Hispanic American populations.

Therefore, this is an amendment with broad minority support, with organizations such as the Chinese for Affirmative Action, the Mexican-American Legal Defense and Education Fund, and the Asian Pacific American Bar Association.

Mr. Chairman, the students of Asian ancestry attending predominantly minority schools have genuine needs, especially in the development of written and oral language skills. This is a fair and reasonable amendment, and I urge its adoption.

Mr. Chairman, this is an often subtle but always very real prejudice against Americans of Asian ancestry in this Nation. With the growth of international trade tensions, that prejudice has grown stronger. Let us not fall victim to that malady.

The Department of Education is abolishing its offices of Asian and Hispanic concerns. Let us show that regardless of what the Department of Education thinks, that the Congress takes the interest of minority students of all races equally seriously.

Mr. Chairman, I would like to conclude by thanking my friend from California, the chairman of the committee, and my colleague from Michigan, the chairman of the subcommittee, who have labored long and hard to fashion this legislation which will have a major effect on the college education of millions of students.

Mr. EDWARDS of California. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by my colleague from California, Mrs. BURTON. The amendment seeks to rectify the failure of this legislation to include Asian-American students for purposes of determining institutional minority enrollment and eligibility for title III reservation.

The exclusion of Chinese-Americans, Japanese-Americans, Korean-Americans, and Southeast Asian-Americans would not only place these student groups at an academic disadvantage, it would hamper as well the potential for other minority populations to be served by the worthy intentions of title III. Since title III reservation funds are allocated based upon percentage of minority enrollment, the exclusion of Asian students from the qualifying category of minorities jeopardizes many institutions' ability to receive needed Federal funds.

California would be particularly hard hit by this exclusion, since California public colleges and universities enroll more Asian-Americans, both in actual number and as a percent of actual enrollment, than any State other than Hawaii.

To deny Asian-Americans minority status, under this program or any other, is arbitrary disfranchisement. I urge my colleagues to support the amendment.

Mrs. BOXER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am so pleased that the committee accepted Congresswoman BURTON's amendment which will include Asian-Americans as a minority group under title III of H.R. 3700, the Higher Education Amendments of 1985.

I thank the chairman for this opportunity to speak in strong support of the Burton amendment.

This is a simple, self-explanatory amendment—yet it has far-reaching impact for minority students, not only in my district, but in California as a whole.

The image of the academically successful Asian-American in no need of special educational benefits is a dangerous stereotype. There remain many pockets of disadvantage among Asian-Americans, for example, in the large numbers of Indochinese refugees that constitute the second wave of Asian immigration to this country. In addition, the Asian-Americans that have received the most attention—those that do very well in mathematics—are frequently in need of specialized English language training. Otherwise, Asian-Americans will be locked into specialized technical careers, and their lack of liberal arts training will damage their chances for further advancement.

It has already been documented that Asian-Americans are underrepresented in occupations such as attorneys, administrators, entrepeneurs, managers, and teachers. Without the Burton amendment, this problem is likely to get worse.

Failure to include Asian-Americans as a minority for purposes of title III funding would also have a serious impact on other minorities in the State. Take the case of City College of San Francisco. If one includes Asian-Americans, the undergraduate minority enrollment at the school is over 70 percent. But if you do not count Asians

as a minority, the overall percentage of minority enrollment drops to 25 percent, meaning that City College of San Francisco would not be likely to receive title III funding. Thus blacks, Hispanics, and other minoirty groups throughout California will be severely affected by failure to pass this amendment.

I would like to point out to my colleagues that removing Asian-Americans from the list of minorities included in title III would go against previous designations in the Civil Rights Act, the Voting Rights Act, Small Business Administration set-aside programs, and other efforts to redress and overcome discrimination against racial minority groups.

Exclusion of Asian-Americans from title III could also set a dangerous precedent by which other previously designated minority groups, which have demonstrated similar histories and present vestiges of discrimination, could be selectively barred from Federal assistance.

Mr. Chairman, this simple amendment will not substantially change the title III program. What it will do is provide the minority students of California—both Asian-Americans and others—with the educational funding benefits that this act intends. Representative HAWKINS and the rest of the Education and Labor Committee have produced a good bill, one that will do much to benefit minority education. Let us not, by a small oversight, change the intention and function of this important legislation. I urge my colleagues to vote yes on the Burton amendment.

Mr. BIAGGI. Mr. Chairman, I rise in support of the Burton amendment to expand the minority definition under title III to include Asian-Americans.

Mr. Chairman, Asian-Americans are fast becoming the largest minority group in this Nation. We have witnessed their growth, not only in numbers, but also in terms of impact on our educational system. Clearly, if the goal of title III is to provide aid to those schools that serve large numbers of minority students, then Asian-Americans should be included in the provisions of title III.

I commend the gentlelady from California and urge its adoption.

Mr. MATSUI. Mr. Chairman, I am pleased to rise in support of the amendment to title III of H.R. 3700 offered by my colleague from California, Mrs. BURTON. This amendment will include Asian-Americans in minority designation for funding of educational institutions with the highest percentage of minority enrollment.

Of particular concern to Californians are our State and community colleges in which Asian-Americans account for a sizable percentage of the total enrollment. These urban emerging institutions, located primarily in Los Angeles, San Francisco, Sacramento, and San Jose, are also those with the greatest enrollment of blacks and Hispanics. All too often Asian-Americans are referred to as a "model minority." This is a dangerous assumption. Asian-Americans experience the same racial discrimination felt by other ethnic minorities. While many Asian-Americans have achieved the American dream, statistical evidence shows that Asian-Americans attending urban public colleges are economically and socially situated similarly to other minority groups.

Californians and all those concerned with civil rights are also aware of the possible long-term impact and repercussions that exclusion of Asian-Americans from minority status may create. Currently, Asian-Americans are included in the Federal Voting Rights Act, Civil Rights Act, Small Business Administration set-aside programs, and other efforts aimed at redressing and overcoming discrimination. We are concerned that the exclusion of one group from minority status may also open the door to other legislation whose sole intention would be to erode the minority status designation for particular minority groups.

Mr. Chairman, I commend Mrs. BURTON for introducing this amendment and I thank the chairman of the Education and Labor Committee, Mr. HAWKINS, for his support in this matter.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from California [Mrs. BURTON].

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title III?

If not, the Clerk will designate title IV.

The text of title IV is as follows:

TITLE IV—REVISIONS TO TITLE IV OF THE ACT

PART A—REVISION OF PART A OF TITLE IV

SEC. 401. AMENDMENT TO PART A OF TITLE IV.

(a) AMENDMENT.—Part A of title IV of the Act (20 U.S.C. 1070 et seq.) is amended to read as follows:

"TITLE IV—STUDENT ASSISTANCE

"PART A—GRANTS TO STUDENTS IN ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION

"SEC. 401. STATEMENT OF PURPOSE; PROGRAM AUTHORIZATION.

"(a) PURPOSE.—It is the purpose of this part to assist in making available the benefits of postsecondary education to eligible students (defined in accordance with section 484) in institutions of higher education by—

"(1) providing basic educational opportunity grants (hereinafter referred to as "basic grants") to all eligible students;

"(2) providing supplemental educational opportunity grants (hereinafter referred to as "supplemental grants") to those students who demonstrate financial need;

"(3) providing for payments to the States to assist them in making financial aid available to such students;

"(4) providing for special programs and projects designed (A) to identify and encourage qualified youths with financial or cultural need with a potential for postsecondary education, (B) to prepare students from low-income families for postsecondary education, and (C) to provide remedial (including remedial language study) and other services to students; and

"(5) providing assistance to institutions of higher education.

"(b) SECRETARY REQUIRED TO CARRY OUT PURPOSES.—The Secretary shall, in accordance with subparts 1 through 8, carry out programs to achieve the purposes of this part.

"Subpart 1—Basic Educational Opportunity Grants

"SEC. 411. BASIC EDUCATIONAL OPPORTUNITY GRANTS: AMOUNT AND DETERMINATIONS; APPLICATIONS.

"(a) PROGRAM AUTHORITY AND METHOD OF DISTRIBUTION.—(1) The Secretary shall, during the period beginning July 1, 1972, and ending September 30, 1992, advance to each eligible institution such sums as may be necessary to pay to each eligible student (defined in accordance with section 484) for each academic year during which that student is in attendance at an institution of higher education, as an undergraduate, a basic grant in the amount for which that student is eligible, as determined pursuant to paragraph (2). Such sums shall be advanced to eligible institutions prior to the start of each payment period and shall be based upon an amount requested by the institution as needed to pay eligible students.

"(2) Nothing in this section shall be interpreted to prohibit the Secretary from paying directly to students, in advance of the beginning of the academic term, an amount for which they are eligible, in cases where the eligible institution elects not to participate in the disbursement system required by paragraph (1).

"(3) Basic grants made under this subpart shall be known as "Pell Grants".

"(b) PURPOSE AND AMOUNT OF GRANTS.—(1) The purpose of this subpart is to provide a basic grant that (A) as determined under paragraph (2), will meet 60 percent of a student's cost of attendance; and (B) in combination with reasonable parental or independent student contribution and supplemented by the programs authorized under subparts 2 and 3 of this part, will meet 75 percent of a student's cost of attendance, unless the institution determines that a greater amount of assistance would better serve the purposes of section 401.

"(2) The amount of the basic grant for a student eligible under this part shall be—

"(A) $2,300 for academic year 1987-1988,

"(B) $2,500 for academic year 1988-1989,

"(C) $2,700 for academic year 1989-1990,

"(D) $2,900 for academic year 1990-1991, and

"(E) $3,100 for academic year 1991-1992,

less an amount equal to the amount determined under part F to be the expected family contribution with respect to that student for that year.

"(3) The amount of a basic grant to which a student is entitled under this subpart for any academic year shall not exceed 60 percent of the cost of attendance (as defined in sections 472 and 478) at the institution at which the student is in attendance for that year.

"(4) No basic grant under this subpart shall exceed the difference between the expected family contribution for a student and the cost of attendance at the institution at which that student is in attendance. If with respect to any student, it is determined that the amount of a basic grant plus the amount of the expected family contribution for that student exceeds the cost of attendance for that year, the amount of the basic grant shall be reduced until the combination of expected family contribution and the amount of the basic grant does not exceed the cost of attendance at such institution.

"(5) No basic grant shall be awarded to a student (other than a less-than-half-time student) under this subpart if the amount of

that grant for that student as determined under this subsection for any academic year is less than $200. In the case of a less-than-half-time student, no basic grant shall be awarded under this subpart if the amount of that grant for that student as determined under this paragraph for any academic year is less than $50.

"(c) PERIOD OF ELIGIBILITY FOR GRANTS.—The period during which a student may receive basic grants shall be the period required for the completion of the first undergraduate baccalaureate course of study being pursued by that student at the institution at which the student is in attendance. Nothing in this section shall exclude from eligibility courses of study which are noncredit or remedial in nature (including courses in English language instruction) which are determined by the institution as necessary to help the student be prepared for the pursuit of a first undergraduate baccalaureate degree or, in the case of courses in English language instruction, are necessary to enable the student to utilize already existing knowledge, training, or skills. No student is entitled to receive Pell Grant payments concurrently from more than one institution or from the Secretary and an institution.

"(d) APPLICATIONS FOR GRANTS.—(1) The Secretary shall from time to time set dates by which students must file applications for basic grants under this subpart.

"(2) Each student desiring a basic grant for any year must file an application therefor containing such information and assurances as the Secretary may deem necessary to enable him to carry out the functions and responsibilities of this subpart.

"(e) DISTRIBUTION OF GRANTS TO STUDENTS.—Payments under this section shall be made in accordance with regulations promulgated by the Secretary for such purpose, in such manner as will best accomplish the purposes of this section. Such regulations shall include a provision that will enable an institution, at its option, to recalculate the amount of the grant under this subpart to any student when the institution discovers that there is a change in circumstances or an error in the application data that affects the amount of the student's eligibility. Changes made by an institution shall be subject to review and approval or disapproval by the Secretary.

"(f) ADJUSTMENTS FOR INSUFFICIENT APPROPRIATIONS.—(1) If, for any fiscal year, the funds appropriated for payments under this subpart are insufficient to satisfy fully all entitlements, as calculated under subsection (b), the amount paid with respect to each entitlement shall be—

"(A) the full amount for any student whose expected family contribution is $200 or less, or

"(B) a percentage of that entitlement, as determined in accordance with a schedule of reductions established by the Secretary for this purpose, for any student whose expected family contribution is more than $200.

"(2) Any schedule established by the Secretary for the purpose of paragraph (1) of this subsection shall contain a single linear reduction formula in which the percentage reduction increases uniformly as the entitlement decreases, and shall provide that if an entitlement is reduced to less than $50, no payment shall be made.

"(g) USE OF EXCESS FUNDS.—(1) If, at the end of a fiscal year, the funds available for making payments under this subpart exceed the amount necessary to make the payments required under this subpart to eligible students by 15 percent or less, then all of the excess funds shall remain available for making payments under this subpart during the next succeeding fiscal year.

"(2) If, at the end of a fiscal year, the funds available for making payments under this subpart exceed the amount necessary to make the payments required under this subpart to eligible students by more than 15 percent, then all of such funds shall remain available for making such payments but payments may be made under this division only with respect to entitlements for that fiscal year.

"(h) NONCONTRACTOR STATUS OF INSTITUTIONS.—Any institution of higher education which enters into an agreement with the Secretary to disburse to students attending that institution the amounts those students are eligible to receive under this subpart shall not be deemed, by virtue of such agreement, a contractor maintaining a system of records to accomplish a function of the Secretary.

"Subpart 2—Supplemental Educational Opportunity Grants

"SEC. 413A. PURPOSE; APPROPRIATIONS AUTHORIZED.

"(a) PURPOSE OF SUBPART.—It is the purpose of this subpart to provide, through institutions of higher education, supplemental grants to assist in making available the benefits of postsecondary education to qualified students who demonstrate financial need in accordance with the provisions of part F of this title.

"(b) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of enabling the Secretary to make payments to institutions of higher education which have made agreements with the Secretary in accordance with section 413C(a), for use by such institutions for payments to undergraduate students of supplemental grants awarded to them under this subpart, there are authorized to be appropriated $500,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(2) Sums appropriated pursuant to this subsection for any fiscal year shall be available for payments to institutions until the end of the second fiscal year succeeding the fiscal year for which they were appropriated.

"SEC. 413B. AMOUNT AND DURATION OF GRANTS.

"(a) AMOUNT OF GRANT.—From the funds received by it for such purpose under this subpart, an institution which awards a supplemental grant to a student for an academic year under this subpart shall, for each year, pay to that student an amount not to exceed the lesser of (1) the amount determined by the institution, in accordance with the provisions of part F of this title, to be needed by that student to enable him or her to pursue a course of study at the institution, or (2) $4,000.

"(b) PERIOD FOR RECEIPT OF GRANTS; CONTINUING ELIGIBILITY.—(1) The period during which a student may receive supplemental grants shall be the period required for the completion of the first undergraduate baccalaureate course of study being pursued by that student.

"(2) A supplemental grant awarded under this subpart shall entitle the student (to whom it is awarded) to payments pursuant to such grant only if the student meets the requirements of section 484, except as provided in section 413C(c).

"(c) DISTRIBUTION OF GRANT DURING ACADEMIC YEAR.—Nothing in this section shall be construed to prohibit an institution from making payments of varying amounts from a supplemental grant to a student during an academic year to cover costs for a period which are not applicable to other periods of such academic year.

"SEC. 413C. AGREEMENTS WITH INSTITUTIONS; SELECTION OF RECIPIENTS.

"(a) INSTITUTIONAL ELIGIBILITY.—Assistance may be made available under this subpart only to an institution which—

"(1) has, in accordance with section 487, an agreement with the Secretary applicable to this subpart;

"(2) agrees that the Federal share of awards under this subpart will not exceed 90 percent of such awards in fiscal year 1989, will not exceed 85 percent of such awards in fiscal year 1990, and will not exceed 80 percent of such awards in fiscal year 1991 and thereafter, except that the Federal share may be exceeded if the Secretary determines, pursuant to regulations establishing objective criteria for such determinations, that a larger Federal share is required in furtherance of the purposes of this subpart; and

"(3) agrees that the non-Federal share of awards made under this subpart shall be made from the institution's own resources, including—

"(A) institutional grants and scholarships;

"(B) tuition or fee waivers;

"(C) State scholarships; and

"(D) foundation or other charitable organization funds.

"(b) ELIGIBILITY FOR SELECTION.—Awards may be made under this subpart only to a student who—

"(1) is an eligible student under section 484; and

"(2) makes application at a time and in a manner consistent with the requirements of the Secretary and that institution.

"(c) SELECTION OF INDIVIDUALS AND DETERMINATION OF AMOUNT OF AWARDS.—From among individuals who are eligible for supplemental grants for each fiscal year, the institution shall, in accordance with the agreement under section 487, and within the amount allocated to the institution for that purpose for that year under section 413D, select individuals who are to be awarded such grants and determine, in accordance with section 413B, the amounts to be paid to them. Not less than three-quarters of the individuals so selected for that year shall be individuals who will receive Pell Grants for that year pursuant to subpart 1 of this part. In selecting such individuals and determining the amount of such grants, the institution shall give preference to those individuals who demonstrate the greatest need for assistance under this subpart, and who, for lack of such assistance, would, in the opinion of the institution, be unable to obtain the benefits of a postsecondary education.

"(d) USE OF FUNDS FOR LESS-THAN-FULL-TIME STUDENTS.—If the institution's allocation under this subpart is based in part on the financial need demonstrated by students attending the institution less than full-time, a reasonable proportion of the institution's allocation shall be made available to such students.

"(e) USE AND TRANSFER OF FUNDS FOR ADMINISTRATIVE EXPENSES.—An agreement entered into pursuant to this section shall provide that funds granted to an institution of higher education may be used only to make payments to students participating in a grant program authorized under this subpart, except that an institution may use a portion of the sums allocated to it under this subpart to meet administrative expenses in accordance with section 489 of

this title, and may transfer such funds in accordance with the provisions of section 488 of this Act.

"SEC. 413D. ALLOCATION OF FUNDS.

"(a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—(1) From the amount appropriated pursuant to section 413A(b), the Secretary shall first allocate to each eligible institution—

"(A) for fiscal year 1987 or 1988, an amount equal to 100 percent of the amount such institution received and used under this subpart for fiscal year 1979; and

"(B) for each succeeding fiscal year, an amount equal to 95 percent of the amount such institution received and used under this subpart for the second preceding fiscal year.

"(2) From the amount so appropriated, the Secretary shall next allocate to each eligible institution that began participation in the program under this subpart after fiscal year 1979, an amount equal to the greatest of—

"(A) $5,000;

"(B) an amount equal to (i) 90 percent of the amount received and used under this part in the second preceding fiscal year by eligible institutions offering comparable programs of instruction, divided by (ii) the number of full-time equivalent students enrolled at such comparable institutions in such fiscal year, multiplied by (iii) the number of full-time equivalent students enrolled at the applicant institution in such fiscal year; or

"(C) 90 percent of the institution's allocation under this part for the preceding fiscal year.

"(3) If the amount appropriated for any fiscal year is less than the amount required to be allocated to eligible institutions under paragraphs (1) and (2) of this subsection, then the amount of the allocation to each such institution shall be ratably reduced. If additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced (until the amount allocated equals the amount required to be allocated under paragraphs (1) and (2) of this subsection).

"(b) ALLOCATION OF EXCESS BASED ON SHARE OF EXCESS ELIGIBLE AMOUNTS.—(1) From the remainder of the amount appropriated pursuant to section 413A(b) after making the allocations required by subsection (a), the Secretary shall allocate to each eligible institution which has an excess eligible amount (other than an institution participating in the program under this subpart for the first or second time) an amount which bears the same ratio to such remainder as such excess eligible amount bears to the sum of the excess eligible amounts of all such eligible institutions (having such excess eligible amounts).

"(2) For any eligible institution (other than an institution participating in the program under this subpart for the first or second time), the excess eligible amount is the amount, if any, by which—

"(A)(i) the amount of that institution's need (as determined under subsection (c)), divided by (ii) the sum of the need of all institutions (as so determined), multiplied by (iii) the amount appropriated pursuant to section 413A(b) of the fiscal year; exceeds

"(B) the amount required to be allocated to that institution under subsection (a).

"(c) DETERMINATION OF INSTITUTION'S NEED.—(1) The amount of an institution's need is equal to—

"(A) the sum of the need of the institution's eligible undergraduate students; minus

"(B) the sum of grant aid received by students under subparts 1 and 3 of this part.

"(2) To determine the need of an institution's eligible undergraduate students, the Secretary shall—

"(A) establish various income categories for dependent and independent undergraduate students;

"(B) establish an expected family contribution for each income category of dependent and independent undergraduate students, determined on the basis of the average expected family contribution (computed in accordance with part F of this title) of a representative sample within each income category for the second preceding fiscal year;

"(C) compute 75 percent of the average cost of attendance (computed in accordance with section 472) for all undergraduate students;

"(D) multiply the number of eligible dependent students in each income category by the lesser of—

"(i) 75 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C); or

"(ii) the average cost of attendance (computed in accordance with section 472) for all undergraduate students minus the expected family contribution determined under subparagraph (B) of this paragraph for that income category, except that the amount computed by such subtraction shall not be less than zero;

"(E) add the amounts determined under subparagraph (D) of this paragraph for each income category of dependent students;

"(F) multiply the number of eligible independent students in each income category by the lesser of—

"(i) 75 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C); or

"(ii) the average cost of attendance for all undergraduate students minus the expected family contribution determined under subparagraph (B) of this paragraph for that income category, except that the amount computed by such subtraction for any income category shall not be less than zero;

"(G) add the amounts determined under subparagraph (F) of this paragraph for each income category of independent students; and

"(H) add the amounts determined under subparagraphs (E) and (G) of this paragraph.

"(d) REALLOCATION OF EXCESS ALLOCATIONS.—If an institution returns to the Secretary any portion of the sums allocated to such institution under this section for any fiscal year the Secretary shall, in accordance with regulations, reallocate such excess to other institutions.

"(e) FILING DEADLINES.—The Secretary shall, from time to time, set dates before which institutions must file applications for allocations under this part.

"Subpart 3—Grants to States for State Student Incentives

"SEC. 415A. PURPOSE; APPROPRIATIONS AUTHORIZED.

"(a) PURPOSE OF SUBPART.—It is the purpose of this subpart to make incentive grants available to the States to assist them in providing grants or State work-study jobs to eligible students attending institutions of higher education.

"(b) AUTHORIZATION OF APPROPRIATIONS; AVAILABILITY.—(1) There are authorized to be appropriated $100,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years to carry out the purposes of this subpart.

"(2) Sums appropriated pursuant to paragraph (1) for any fiscal year shall remain available for payments to States under this subpart until the end of the fiscal year succeeding the fiscal year for which such sums were appropriated.

"SEC. 415B. ALLOTMENT AMONG STATES.

"(a) ALLOTMENT BASED ON NUMBER OF ELIGIBLE STUDENTS IN ATTENDANCE.—(1) From the sums appropriated pursuant to section 415A(b)(1) for any fiscal year, the Secretary shall allot to each State an amount which bears the same ratio to such sums as the number of students who are deemed eligible in such State for participation in the grant program authorized by this subpart bears to the total number of such students in all the States, except that no State shall receive less than the State received for fiscal year 1979.

"(2) For the purposes of this subsection, the number of students who are deemed eligible in a State for participation in the grant program authorized by this subpart, and the number of such students in all the States, shall be determined for the most recent year for which satisfactory data are available.

"(b) REALLOTMENT.—The amount of any State's allotment under subsection (a) for any fiscal year which the Secretary determines will not be required for such fiscal year for the State student grant incentive program of that State shall be available for reallotment from time to time, on such dates during such year as the Secretary may fix, to other States in proportion to the original allotments to such States under such part for such year, but with such proportionate amount for any of such States being reduced to the extent it exceeds the sum the Secretary estimates such State needs and will be able to use for such year for carrying out the State plan. The total of such reductions shall be similarly reallotted among the States whose proportionate amounts were not so reduced. Any amount reallotted to a State under this part during a year from funds appropriated pursuant to section 415A(b)(1) shall be deemed part of its allotment under subsection (a) for such year.

"(c) ALLOTMENTS SUBJECT TO CONTINUING COMPLIANCE.—The Secretary shall make payments for continuing incentive grants only to those States which continue to meet the requirements of section 415C(b).

"SEC. 415C. APPLICATIONS FOR STATE STUDENT INCENTIVE GRANT PROGRAMS.

"(a) SUBMISSION AND CONTENTS OF APPLICATIONS.—A State which desires to obtain a payment under this subpart for any fiscal year shall submit annually an application therefor through the State agency administering its program under this subpart as of July 1, 1985, unless the Governor of that State so designates, in writing, a different agency to administer the program. The application shall contain such information as may be required by, or pursuant to, regulation for the purpose of enabling the Secretary to make the determinations required under this subpart.

"(b) PAYMENT OF FEDERAL SHARE OF GRANTS MADE BY QUALIFIED PROGRAM.—From a State's allotment under this subpart for any fiscal year the Secretary is authorized to make payments to such State for paying up to 50 percent of the amount of student grants or State work-study jobs (as provided for in paragraph (3)) pursuant to a State program which—

"(1) is administered by a single State agency;

"(2) provides that such grants will be in amounts not in excess of $3,000 per academic year for attendance on a full-time basis at an institution of higher education;

"(3) for any fiscal year beginning after September 30, 1985, for which allotment to the State exceeds allotment received in fiscal year 1985, uses the amount of additional funds received to provide for student grants (as defined in this section) or to provide funds for students participating in State work-study programs;

"(4) provides for the selection of recipients of such grants or of such State work-study jobs on the basis of substantial financial need determined annually on the basis of criteria established by the State and approved by the Secretary;

"(5) provides that, effective with respect to any academic year beginning on or after October 1, 1978, all nonprofit institutions of higher education in the State are eligible to participate in the State program, except in any State in which participation of nonprofit institutions of higher education is in violation of the constitution of the State or in any State in which participation of nonprofit institutions of higher education is in violation of a statute of the State which was enacted prior to October 1, 1978;

"(6) provides for the payment of the non-Federal portion of such grants or of such State work-study jobs from funds supplied by such State which represent an additional expenditure for such year by such State for grants or work-study jobs for students attending institutions of higher education over the amount expended by such State for such grants or State work-study jobs, if any, during the second fiscal year preceding the fiscal year in which such State initially received funds under this subpart;

"(7) provides for State expenditures under such program of an amount not less than the average annual aggregate expenditures for the preceding three fiscal years or the average annual expenditure per full-time equivalent student for such years;

"(8) provides (A) for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the State agency under this subpart, and (B) for the making of such reports, in such form and containing such information, as may be reasonably necessary to enable the Secretary to perform his functions under this subpart; and

"(9) for any fiscal year beginning after September 30, 1988, provides the non-Federal share of the amount of student grants or State work-study jobs under this subpart through a direct appropriation of State funds for the program under this subpart.

"(c) RESERVATION AND DISBURSEMENT OF ALLOTMENTS AND REALLOTMENTS.—Upon his approval of any application for a payment under this subpart, the Secretary shall reserve from the applicable allotment (including any applicable reallotment) available therefor, the amount of such payment, which (subject to the limits of such allotment or reallotment) shall be equal to the Federal share of the cost of the students' incentive grants or State work-study jobs covered by such application. The Secretary shall pay such reserved amount, in advance or by way of reimbursement, and in such installments as he may determine. The Secretary may amend the reservation of any amount under this section, either upon approval of an amendment of the application or upon revision of the estimated cost of the student grants or State work-study jobs with respect to which such reservation was made. If the Secretary approves an upward revision of such estimated cost, the Secretary may reserve the Federal share of the added cost only from the applicable allotment (or reallotment) available at the time of such approval.

"(d) RESTRICTION ON USE OF FUNDS FOR STATE WORK-STUDY PROGRAMS.—None of the funds made available under this subpart may be used for any State work-study program unless such program is conducted in accordance with the requirements of section 443(b)(1) of this title.

"SEC. 415D. ADMINISTRATION OF STATE PROGRAMS; JUDICIAL REVIEW.

"(a) DISAPPROVAL OF APPLICATIONS; SUSPENSION OF ELIGIBILITY.—(1) The Secretary shall not finally disapprove any application for a State program submitted under section 415C, or any modification thereof, without first affording the State agency submitting the program reasonable notice and opportunity for a hearing.

"(2) Whenever the Secretary, after reasonable notice and opportunity for hearing to the State agency administering a State program approved under this subpart, finds—

"(A) that the State program has been so changed that it no longer complies with the provisions of this subpart, or

"(B) that in the administration of the program there is a failure to comply substantially with any such provisions,

the Secretary shall notify such State agency that the State will not be regarded as eligible to participate in the program under this subpart until he is satisfied that there is no longer any such failure to comply.

"(b) REVIEW OF DECISIONS.—(1) If any State is dissatisfied with the Secretary's final action with respect to the approval of its State program submitted under this subpart or with his final action under subsection (a), such State may appeal to the United States court of appeals for the circuit in which such State is located. The summons and notice of appeal may be served at any place in the United States. The Commissioner shall forthwith certify and file in the court the transcript of the proceedings and the record on which he based his action.

"(2) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the transcript and record of further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

"(3) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in title 28, United States Code, section 1254.

"Subpart 4—Special Programs for Students From Disadvantaged Backgrounds

"SEC. 417A. PROGRAM AUTHORITY; AUTHORIZATION OF APPROPRIATIONS.

"(a) GRANTS AND CONTRACTS AUTHORIZED.—The Secretary shall, in accordance with the provisions of this subpart, carry out a program of making grants and contracts designed to identify qualified individuals from disadvantaged backgrounds, to prepare them for a program of postsecondary education, to provide support services for such students who are pursuing programs of postsecondary education, and to train persons serving or preparing for service in programs and projects so designed.

"(b) ELIGIBLE GRANT AND CONTRACT RECIPIENTS.—(1) For the purposes described in subsection (a), the Secretary is authorized, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5), to make grants to, and contracts with, institutions of higher education, public and private agencies and organizations, and, in exceptional circumstances, secondary schools for planning, developing, or carrying out one or more of the services assisted under this subpart.

"(2) In making grants and contracts under this subpart, the Secretary shall consider the prior experience of service delivery under the particular program for which funds are sought by each applicant. For fiscal years after 1985, the level of consideration given to prior experience shall not vary from the level of consideration given this factor for fiscal year 1985.

"(c) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of making grants and contracts under this subpart there are authorized to be appropriated $400,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(d) DEFINITIONS.—For the purposes of this subpart—

"(1) the term 'first generation college student' means—

"(A) an individual both of whose parents did not complete a baccalaureate degree; or

"(B) in the case of any individual who regularly resided with and received support from only one parent, an individual whose only such parent did not complete a baccalaureate degree;

"(2) the term 'low-income individual' means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census; and

"(3) no veteran shall be deemed ineligible to participate in any program under this subpart by reason of such individual's age who—

"(A) served on active duty for a period of more than 180 days, any part of which occurred after January 31, 1955, and was discharged or released therefrom under conditions other than dishonorable; or

"(B) served on active duty after January 31, 1955, and was discharged or released therefrom because of a service connected disability.

"SEC. 417B. TALENT SEARCH.

"(a) PROGRAM AUTHORITY.—The Secretary shall carry out a program to be known as talent search which shall be designed—

"(1) to identify qualified youths with potential for education at the postsecondary level and to encourage such youth to complete secondary school and to undertake a program of postsecondary education;

"(2) to publicize the availability of student financial assistance available to persons who pursue a program of postsecondary education; and

"(3) to encourage persons who have not completed programs of education at the secondary or postsecondary level, but who have the ability to complete such programs, to reenter such programs.

"(b) TUTORIAL SERVICES.—A talent search project assisted under this subpart may include, in addition to the services described in paragraphs (1), (2), and (3) of subsection

(a), tutorial services for youths being encouraged to undertake or reenter programs of postsecondary education if such tutorial services are not otherwise available to such youths through a project assisted under this subpart.

"(c) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for talent search projects under this subpart for any fiscal year the Secretary shall—

"(1) require an assurance that not less than two-thirds of the youths participating in the project proposed to be carried out under any application be low-income individuals who are first generation college students;

"(2) require that such participants be persons who either have completed six years of elementary education or are at least twelve years of age but not more than twenty-seven years of age, unless the imposition of any such limitation with respect to any person would defeat the purposes of this section or the purposes of section 417E;

"(3) require an assurance that individuals participating in the project proposed in the application do not have access to services from another project funded under this section or under section 417E; and

"(4) require assurances that the project will be located in a setting accessible to the persons proposed to be served by the project.

"SEC. 417C. UPWARD BOUND.

"(a) PROGRAM AUTHORITY.—The Secretary shall carry out a program to be known as upward bound which shall be designed to generate skills and motivation necessary for success in education beyond high school.

"(b) PERMISSIBLE SERVICES.—Any upward bound project assisted under the subpart may provide services such as—

"(1) instruction in reading, writing, study skills, mathematics, and other subjects necessary for success beyond high school;

"(2) personal counseling;

"(3) academic advice and assistance in high school course selection;

"(4) tutorial services;

"(5) exposure to cultural events, academic programs, and other activities not usually available to disadvantaged youth;

"(6) activities designed to acquaint youths participating in the project with the range of career options available to them;

"(7) instruction designed to prepare youths participating in the project for careers in which persons from disadvantaged backgrounds are particularly underrepresented;

"(8) on-campus residential programs; and

"(9) programs and activities as described in paragraphs (1) through (8) which are specially designed for students of limited English proficiency.

"(c) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for upward bound projects under this subpart for any fiscal year the Secretary shall—

"(1) require an assurance that not less than two-thirds of the youths participating in the project proposed to be carried out under any application be low-income individuals who are first generation college students;

"(2) require an assurance that the remaining youths participating in the project proposed to be carried out under any application be either low-income individuals or be first generation college students;

"(3) require that there be determination, with respect to each participant in such project, that the participant has a need for academic support in order to pursue successfully a program of education beyond high school; and

"(4) require that such participants be persons who have completed eight years of elementary education and are at least thirteen years of age but not more than nineteen years of age, unless the imposition of any such limitation would defeat the purposes of this section.

"(d) MAXIMUM STIPENDS.—Youths participating in a project proposed to be carried out under any application may be paid stipends not in excess of $60 per month during June, July, and August, and not in excess of $40 per month during the remaining period of the year.

"SEC. 417D. STUDENT SUPPORT SERVICES.

"(a) PROGRAM AUTHORITY.—The Secretary shall carry out a program to be known as student support services (hereinafter referred to as 'support services').

"(b) PERMISSIBLE SERVICES.—A support services project assisted under this subpart may provide services such as—

"(1) instruction in reading, writing, study skills, mathematics, and other subjects necessary for success beyond high school;

"(2) personal counseling;

"(3) academic advice and assistance in course selection;

"(4) tutorial services and counseling and peer counseling;

"(5) exposure to cultural events and academic programs not usually available to disadvantaged students;

"(6) activities designed to acquaint students participating in the project with the range of career options available to them;

"(7) activities designed to assist students participating in the project in securing admission and financial assistance for enrollment in graduate and professional programs;

"(8) activities designed to assist students currently enrolled in two year institutions in securing admission and financial assistance for enrollment in a four-year program of postsecondary education; and

"(9) programs and activities as described in paragraphs (1) through (8) which are specially designed for students of limited English proficiency.

"(c) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for support services projects under this subpart for any fiscal year the Secretary shall—

"(1) require an assurance that not less than two-thirds of the persons participating in the project proposed to be carried out under any application—

"(A) be physically handicapped, or

"(B) be low-income individuals who are first generation college students;

"(2) require an assurance that the remaining students participating in the project proposed to be carried out under any application either be low-income individuals, first generation college students, or physically handicapped;

"(3) require that there be a determination, with respect to each participant in such project, that the participant has a need for academic support in order to pursue successfully a program of education beyond high school;

"(4) require that such participants be enrolled or accepted for enrollment at the institution which is the recipient of the grant or contract; and

"(5) require an assurance from the institution which is the recipient of the grant or contract that each student enrolled in the project will receive sufficient financial assistance to meet that student's full financial need.

"SEC. 417E. EDUCATIONAL OPPORTUNITY CENTERS.

"(a) PROGRAM AUTHORITY; SERVICES PROVIDED.—The Secretary shall carry out a program to be known as educational opportunity centers which shall be designed—

"(1) to provide information with respect to financial and academic assistance available for individuals desiring to pursue a program of postsecondary education; and

"(2) to provide assistance to such persons in applying for admission to institutions at which a program of postsecondary education is offered, including preparing necessary applications for use by admissions and financial aid officers.

"(b) TUTORIAL AND COUNSELING SERVICES.—An educational opportunity center assisted under this subpart may provide, in addition to the services described in clauses (1) and (2) of subsection (a), tutorial and counseling services for persons participating in the project if such tutorial and counseling services are not otherwise available through a project assisted under this subpart.

"(c) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for educational opportunity centers under this subpart for any fiscal year the Secretary shall—

"(1) require an assurance that not less than two-thirds of the persons participating in the project proposed to be carried out under any application be low-income individuals who are first generation college students;

"(2) require that such participants be persons who are at least nineteen years of age, unless the imposition of such limitation with respect to any person would defeat the purposes of this section or the purposes of section 417B; and

"(3) require an assurance that individuals participating in the project proposed in the application do not have access to services from another project funded under this section or under section 417B.

"SEC. 417F. STAFF DEVELOPMENT ACTIVITIES.

"For the purpose of improving the operation of the programs and projects authorized by this subpart, the Secretary is authorized to make grants to institutions of higher education and other public and private nonprofit institutions and organizations to provide training for staff and leadership personnel employed in, or preparing for employment in, such programs and projects. Such training shall include conferences, internships, seminars, workshops, and the publication of manuals designed to improve the operation of such programs and projects and shall be carried out in the various regions of the Nation in order to ensure that the training opportunities are appropriate to meet the needs in the local areas being served by such programs and projects. Grants for the purposes of this section shall be made only after consultation with regional and State professional associations of persons having special knowledge with respect to the needs and problems of such programs and projects.

"SEC. 417G. NATIONAL CENTER FOR POSTSECONDARY OPPORTUNITY.

"(a) ANNUAL PLAN FOR DISSEMINATION THROUGH CENTER.—To help ensure equal opportunity in postsecondary education and to increase students' awareness of their potential eligibility for financial assistance, the Secretary shall, in consultation and cooperation with agencies and organizations involved in counseling and student financial assistance, annually prepare a plan for disseminating information on Federal student assistance programs through a Nation-

al Center for Postsecondary Opportunity (hereafter in this section referred to as the 'national center'). The national center shall help ensure that adequate information and counseling regarding Federal financial aid programs is readily available to students, parents, and others interested in postsecondary education opportunities.

"(b) CONTRACTS AUTHORIZED.—The Secretary shall contract with appropriate institutions, private non-profit organizations, or States for the purpose of establishing the national center which will—

"(1) coordinate the development and dissemination of pre-eligibility information for Federal, State, and institutional student assistance, as well as information regarding postsecondary access;

"(2) develop materials as necessary to increase student awareness of those Federal student assistance programs and postsecondary opportunities;

"(3) operate short-term training institutes to enable junior and senior high schools counselors and teachers, TRIO personnel, college admissions personnel, and community agency staffs to more effectively counsel students and adults regarding postsecondary opportunity and financial aid eligibility.

"(c) EMPHASIS ON PROVIDING INFORMATION TO CERTAIN INDIVIDUALS.—Particular emphasis shall be placed upon providing information to—

"(1) disadvantaged, minority, and handicapped individuals;

"(2) adults and non-traditional students;

"(3) geographically isolated or rural communities;

"(4) other groups who may be under-represented in postsecondary education;

"(5) junior high school students and parents; and

"(6) individuals who normally serve as counselors, teachers, or service providers to persons interested in obtaining postsecondary education.

"(d) CONTRACTOR SUITABILITY.—In determining whether to enter into a contract under this subpart, the Secretary shall consider the ability of the potential contractor to involve organizations representing a broad range of professionals including student financial aid administrators, TRIO personnel, high school counselors, and college admissions counselors.

"(e) COSTS FOR PROGRAM.—An amount of $5,000,000 shall be allocated each year from the appropriations for salaries and expenses of the Department of Education to cover the costs associated with the center.

"Subpart 5—Special Programs for Students Whose Families Are Engaged in Migrant and Seasonal Farmwork

SEC. 418A. MAINTENANCE AND EXPANSION OF EXISTING PROGRAMS.

"(a) PROGRAM AUTHORITY.—The Secretary shall maintain and expand existing secondary and postsecondary high school equivalency program and college assistance migrant program projects located at institutions of higher education or at private nonprofit organizations working in cooperation with institutions of higher education.

"(b) SERVICES PROVIDED BY HIGH SCHOOL EQUIVALENCY PROGRAM.—The services authorized by this subpart for the high school equivalency program include—

"(1) recruitment services to reach persons who are 17 years of age and over, who themselves or whose parents have spent a minimum of 75 days during the past twenty-four months in migrant and seasonal farmwork, and who lack a high school diploma or its equivalent;

"(2) educational services which provide instruction designed to help students obtain a general education diploma which meets the guidelines established by the State in which the project is located for high school equivalency;

"(3) supportive services which include the following:

"(A) personal, vocational, and academic counseling;

"(B) placement services designed to place students in a university, college, or junior college program, or in military service or career positions; and

"(C) health services;

"(4) information concerning and assistance in obtaining available student financial aid;

"(5) weekly stipends for high school equivalency program participants;

"(6) housing for those enrolled in residential programs;

"(7) exposure to cultural events, academic programs, and other educational and cultural activities usually not available to migrant youth; and

"(8) other essential supportive services, as needed to ensure the success of eligible students.

"(c) SERVICES PROVIDED BY COLLEGE ASSISTANCE MIGRANT PROGRAM.—Services authorized by this subpart for the college assistance migrant program include—

"(1) outreach and recruitment services to reach persons who themselves or whose parents have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork, and who meet the minimum qualifications for attendance at a college or university;

"(2) supportive and instructional services which include:

"(A) personal, academic, and career counseling as an ongoing part of the program;

"(B) tutoring and academic skill building instruction and assistance;

"(C) assistance with special admissions;

"(D) health services;

"(E) other services as necessary to assist students in completing program requirements;

"(3) assistance in obtaining student financial aid which includes, but is not limited to:

"(A) stipends;

"(B) scholarships;

"(C) student travel;

"(D) career oriented work study;

"(E) books and supplies;

"(F) tuition and fees;

"(G) room and board; and

"(H) other assistance necessary to assist students in completing their first year of college;

"(4) housing support for students living in institutional facilities and commuting students;

"(5) exposure to cultural events, academic programs, and other activities not usually available to migrant youth; and

"(6) other support services as necessary to ensure the success of eligible students.

"(d) MANAGEMENT PLAN REQUIRED.—Each project application shall include a management plan which contains assurances that staff shall have a demonstrated knowledge and be sensitive to the unique characteristics and needs of the migrant and seasonal farmworker population, and provisions for:

"(1) staff inservice training;

"(2) training and technical assistance;

"(3) staff travel;

"(4) student travel;

"(5) interagency coordination; and

"(6) an evaluation plan.

"(e) THREE-YEAR GRANT PERIOD; CONSIDERATION OF PRIOR EXPERIENCE.—Except under extraordinary circumstances, the Secretary shall award grants for a three year period. For the purpose of making grants under this subpart, the Secretary shall consider the prior experience of service delivery under the particular project for which funds are sought by each applicant. Such prior experience shall be awarded the same level of consideration given this factor for applicants for programs authorized by subpart 4 of this part in accordance with section 417A(b)(2).

"(f) MINIMUM ALLOCATIONS.—The Secretary shall not allocate an amount less than—

"(1) $150,000 for each project under the high school equivalency program, and

"(2) $150,000 for each project under the college assistance migrant program.

"(g) AUTHORIZATION OF APPROPRIATIONS.—(1) There is authorized to be appropriated for the high school equivalency program $9,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(2) There are authorized to be appropriated for the college assistance migrant program $3,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

Subpart 6—Federal Merit Scholarships

"SEC. 419A. STATEMENT OF PURPOSE.

"It is the purpose of this subpart to establish a Federal Merit Scholarship Program to promote student excellence and achievement and to recognize exceptionally able students who show promise of continued excellence.

"SEC. 419B. DEFINITION.

"For the purpose of this subpart—

"(1) the term 'secondary school' has the same meaning given that term under section 198(a)(7) of the Elementary and Secondary Education Act of 1965; and

"(2) the term 'State' means each of the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

"SEC. 419C. SCHOLARSHIPS AUTHORIZED.

"(a) PROGRAM AUTHORITY.—The Secretary is authorized, in accordance with the provisions of this subpart, to make grants to States to enable the States to award scholarships to individuals who have demonstrated outstanding academic achievement and who show promise of continued academic achievement.

"(b) PERIOD OF AWARD.—Scholarships under this section shall be awarded for a period of one academic year for the first year of study at an institution of higher education.

"(c) USE AT ANY INSTITUTION PERMITTED.—A student awarded a scholarship under this subpart may attend any institution of higher education.

"SEC. 419D. ALLOCATION AMONG STATES.

"From the sums appropriated pursuant to section 419K for any fiscal year, the Secretary shall allocate to each State having an agreement under section 419E—

"(1) $1,500 multiplied by the number of individuals in the State eligible for merit scholarships pursuant to section 419G(b), plus

"(2) $10,000, plus 5 percent of the amount to which a State is eligible under clause (1) of this section.

"SEC. 419E. AGREEMENTS.

"The Secretary shall enter into an agreement with each State desiring to participate in the merit scholarship program authorized

by this subpart. Each such agreement shall include provisions designed to assure that—

"(1) the State educational agency will administer the merit scholarship program authorized by this subpart in the State;

"(2) the State educational agency will comply with the eligibility and selection provisions of this subpart;

"(3) the State educational agency will conduct outreach activities to publicize the availability of Federal merit scholarships to all eligible students in the State, with particular emphasis on activities designed to assure that students from low-income and moderate-income families have access to the information on the opportunity for full participation in the merit scholarship program authorized by this subpart;

"(4) the State educational agency will pay to each individual in the State who is awarded a merit scholarship under this subpart $1,500 at an awards ceremony in accordance with section 419I; and

"(5) the State educational agency will use the amount of the allocation described in clause (2) of section 419D for administrative expenses, including the conduct of the awards ceremony required by section 419I.

"SEC. 419F. ELIGIBILITY OF MERIT SCHOLARS.

"(a) HIGH SCHOOL GRADUATION OR EQUIVALENT AND ADMISSION TO INSTITUTION REQUIRED.—Each student awarded a scholarship under this subpart shall be a graduate of a public or private secondary school or have the equivalent of a certificate of graduation as recognized by the State in which the student resides and must have been admitted for enrollment at an institution of higher education.

"(b) SELECTION BASED ON PROMISE OF ACADEMIC ACHIEVEMENT.—Each student awarded a scholarship under this subpart must demonstrate outstanding academic achievement and show promise of continued academic achievement.

"SEC. 419G. SELECTION OF MERIT SCHOLARS.

"(a) ESTABLISHMENT OF CRITERIA.—The State educational agency is authorized to establish the criteria for the selection of merit scholars under this subpart.

"(b) ADOPTION OF PROCEDURES.—The State educational agency shall adopt selection procedures which are designed to assure that ten individuals will be selected from among residents of each congressional district in a State (and in the case of the District of Columbia and the Commonwealth of Puerto Rico not to exceed ten individuals will be selected in such district or Commonwealth).

"(c) CONSULTATION REQUIREMENT.—In carrying out its responsibilities under subsections (a) and (b), the State educational agency shall consult with school administrators, school boards, teachers, counselors, and parents.

"SEC. 419H. STIPENDS AND SCHOLARSHIP CONDITIONS.

"(a) AMOUNT OF AWARD.—Each student awarded a merit scholarship under this subpart shall receive a stipend of $1,500 for the academic year of study for which the scholarship is awarded.

"(b) USE OF AWARD.—The State educational agency shall establish procedures to assure that a merit scholar awarded a scholarship under this subpart pursues a course of study at an institution of higher education.

"SEC. 419I. AWARDS CEREMONY.

"(a) LOCAL CEREMONY. The State educational agency shall make arrangements to award merit scholarships under this subpart at a place in each State which is convenient to the individuals selected to receive such scholarships. To the extent possible, the award shall be made by Members of the Senate and Members of the House of Representatives (by the Delegate in the case of the District of Columbia and the Resident Commissioner in the case of the Commonwealth of Puerto Rico) who represent the State, Commonwealth, or District, as the case may be, from which the individuals come.

"(b) TIMING OF SELECTION.—The selection process shall be completed, and the awards made prior to the end of each secondary academic year.

"SEC. 419J. CONSTRUCTION OF NEEDS PROVISIONS.

"Nothing in this subpart, or any other Act, shall be construed to permit the receipt of a merit scholarship under this subpart to be counted for any needs test in connection with the awarding of any grant or the making of any loan under this Act or any other provision of Federal law relating to educational assistance.

"SEC. 419K. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated $8,000,000 for each of fiscal years 1986, 1987, and 1988 to carry out the provisions of this subpart.

"Subpart 7—Assistance to Institutions of Higher Education

"SEC. 420. PAYMENTS TO INSTITUTIONS OF HIGHER EDUCATION.

"(a) COST OF EDUCATION PAYMENTS.—Each institution of higher education shall be entitled for each fiscal year to a cost-of-education payment in accordance with the provisions of this section.

"(b) COMPUTATION OF AMOUNT.—(1) The amount of the cost-of-education payment to which an institution shall be entitled under this section for a fiscal year shall be, subject to subsection (d), the amount determined under paragraph (2)(A) plus the amount determined under paragraph (2)(B).

"(2)(A)(i) The Secretary shall determine the amount to which an institution is entitled under this subparagraph on the basis of the total number of undergraduate students who are in attendance at the institution and the number of students who are also recipients of basic grants under subpart 1, in accordance with the following table:

"If the total number of students in attendance is—	The amount of the grant is—
Not over 1,000	$500 for each recipient.
Over 1,000 but not over 2,500.	$500 for each of 100 recipients; plus $400 for each recipient in excess of 100.
Over 2,500 but not over 5,000.	$500 for each of 100 recipients; plus $400 for each of 150 recipients in excess of 100; plus $300 for each recipient in excess of 250.
Over 5,000 but not over 10,000.	$500 for each 100 recipients; plus $400 for each of 150 recipients in excess of 100; plus $300 for each of 250 recipients in excess of 250; plus $200 for each recipient in excess of 500.
Over 10,000	$500 for each of the 100 recipients; plus $400 for each of 150 recipients in excess of 100; plus $300 for each of 250 recipients in excess of 250; plus $200 for each of 500 recipients in excess of 500; plus $100 for each recipient in excess of 1,000.

"(ii) In any case where a recipient of a basic grant under subpart 1 attends an institution receiving a cost-of-education payment under this subpart on less than a full-time basis, the amount determined under this subparagraph with respect to the student shall be reduced in proportion to the degree to which that student is not attending on a full-time basis.

"(iii) If during any period of any fiscal year the funds available for making payments on the basis of entitlements established under this subparagraph are insufficient to satisfy fully all such entitlements, the amount paid with respect to each such entitlement shall be ratably reduced. When additional funds become available for such purpose, the amount of payment from such additional funds shall be in proportion to the degree to which each such entitlement is unsatisfied by the payments made under the first sentence of this division.

"(B)(i) The Secretary shall determine with respect to each institution an amount equal to the appropriate percent (specified on the table below) of the aggregate of—

"(I) supplemental educational opportunity grants under subpart 2;

"(II) work-study payments under part C; and

"(III) loans to students under part E;

made for such year to students who are in attendance at such institution. The Secretary shall determine such amounts on the basis of percentages of such aggregate, and the number of students in attendance at institutions during the most recent academic year ending prior to such fiscal year, in accordance with the following table:

"If the number of students in attendance at the institution is—	The percentage of such aggregate shall be—
Not over 1,000	50 percent.
Over 1,000 but not over 3,000	46 percent.
Over 3,000 but not over 10,000	42 percent.
Over 10,000	38 percent.

"(ii) If during any period of any fiscal year the funds available for making payments on the basis of entitlements established under this subparagraph are insufficient to satisfy fully all such entitlements, the amount paid with respect to each such entitlement shall be ratably reduced. When additional funds become available for such purpose, the amount of payment from such additional funds shall be in proportion to the degree to which each such entitlement is unsatisfied by the payments made under the first sentence of this division.

"(3)(A) In determining the number of students in attendance at institutions of higher education under this subsection, the Secretary shall compute the full-time equivalent of part-time students.

"(B) The Secretary shall make a separate determination of the number of students in attendance at an institution of higher education and the number of recipients of basic grants at any such institution at each branch or separate campus of that institution located in a different community from the principal campus of that institution pursuant to criteria established by him.

"(c) APPLICATIONS; CONTENTS AND MANNER OF FILING.—An institution of higher education may receive a cost-of-education payment in accordance with this section only upon application therefor. An application under this section shall be submitted at such time or times, in such manner, and containing such information as the Secretary deter-

mines necessary to carry out his functions under this title, and shall—

"(1) set forth such policies, assurances, and procedures as will insure that—

"(A) the funds received by the institution under this section will be used solely to defray instructional expenses in academically related programs of the applicant;

"(B) the funds received by the institution under this section will not be used for a school or department of divinity or for any religious worship or sectarian activity;

"(C) the applicant will expend, during the academic year for which a payment is sought, for all academically related programs of the institution, an amount equal to at least the average amount so expended during the three years preceding the year for which the grant is sought; and

"(D) the applicant will submit to the Secretary such reports as the Secretary may require by regulation; and

"(2) contain such other statement of policies, assurances, and procedures as the Secretary may require by regulation in order to protect the financial interests of the United States.

"(d) APPORTIONMENT OF APPROPRIATIONS.—(1) The Secretary shall pay to each institution of higher education for each fiscal year the amount to which it is entitled under this section.

"(2) Of the total sums appropriated to make payments on the basis of entitlements established under this section and to make payments under part D of title IX—

"(A) 45 percent shall be available for making payments on the basis of entitlements established under paragraph (2)(A) of subsection (a);

"(B) 45 percent shall be available for making payments on the basis of entitlements established under paragraph (2)(B) of subsection (a); and

"(C) 10 percent shall be available for making payments under part D of title IX.

"(3) No payments on the basis of entitlements established under paragraph (2)(A) of subsection (a) may be made during any fiscal year for which the appropriations for making grants under subpart 1 does not equal at least 50 percent of the appropriation necessary for satisfying the total of all entitlements established under such subpart. In no event shall, during any fiscal year, the aggregate of the payments to which this paragraph applies exceed that percentage of the total entitlements established under such paragraph (2)(A) which equals the percentage of the total entitlements established under subpart 1 which are satisfied by appropriations for such purpose for that fiscal year.

"SEC. 420A. VETERANS EDUCATION OUTREACH PROGRAM.

"(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the provisions of this section $15,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(b) SIZE AND DURATION OF AWARDS.—(1) The minimum grant that may be awarded to an institution under this section is $1,000, which may remain available for expenditure over a period not to exceed two academic years.

"(2) The amount of the payment to which any institution shall be entitled under this section for any fiscal year shall be—

"(A) $300 for each person who is a veteran receiving vocational rehabilitation under chapter 31 of title 38, United States Code, or a veteran receiving educational assistance under chapter 34 of such title 38, and who is in attendance at such institution as an undergraduate student during such year;

"(B) $150 for each person who is in attendance at such institution as an undergraduate student during such year and who has been the recipient of educational assistance under subchapter V or VI of chapter 34 of such title 38, or who has a service-connected disability as defined in section 101(16) of such title 38, or who is disabled, as determined in accordance with regulations promulgated by the Secretary after consultation with the Administrator of Veterans' Affairs; and

"(C) $100 for each person who is in attendance at such institution as an undergraduate student during such year and who has received an honorable discharge from military service but who is no longer eligible to or does not receive educational benefits under chapter 31 or chapter 34 of title 38 of the United States Code.

"(3) In any case where a person on behalf of whom a payment is made under this section attends an institution on less than a full-time basis, the amount of the payment on behalf of that person shall be reduced in proportion to the degree to which that person is not attending on a full-time basis.

"(4)(A) The Secretary shall pay to each institution of higher education which has had an application approved under subsection (c) the amount to which it is entitled under this section. If the amount appropriated for any fiscal year is not sufficient to pay the amounts to which all such institutions are entitled, the Secretary shall ratably reduce such payments. If any amounts become available for a fiscal year after such reductions have been imposed, such reduced payments shall be increased on the same basis as they were reduced.

"(B) The maximum amount of payments to any institution of higher education, or any branch thereof which is located in a community which is different from that in which the parent institution thereof is located, in any fiscal year shall be $75,000. In making payments under this section for any fiscal year, the Secretary shall apportion the appropriation for making such payments, from funds which become available as a result of the limitation on payments set forth in the preceding sentence, in such a manner as will result in the receipt by each institution which is eligible for payment under this section of the first $9,000 (or the amount of its entitlement for that fiscal year, but not less than $1,000, whichever is the lesser) and then additional amounts up to the limitation set forth in the preceding sentence.

"(5) Not less than 90 percent of the amounts paid to any institution under paragraph (3)(A) in any fiscal year shall be used to implement the requirement of subsection (c)(2)(C)(i), and to the extent that such funds remain after implementing such requirement, funds limited by such 90 percent requirement shall be used for implementing the requirements of clauses (ii) through (v) of subsection (c)(2)(C), except that the Secretary may, in accordance with criteria established in regulations jointly prescribed by the Secretary with the Administrator, waive the requirement of this subsection to the extent that he finds that such institution is adequately carrying out all such requirements without the necessity for such application of such amount of the payments received under this subsection.

"(c) ELIGIBILITY FOR AWARDS.—(1) During the period beginning July 1, 1987 and ending September 1, 1991, each institution of higher education shall be entitled to a payment under, and in accordance with, this section during any fiscal year if the number of persons who are veterans with honorable discharges and are in attendance as undergraduate students at the institution is at least 100.

"(2) An institution of higher education shall be eligible to receive the payment to which it is entitled under this section only if it makes application therefor to the Secretary. An application under this section shall be submitted at such time or times, in such manner, in such form and containing such information as the Secretary determines necessary to carry out the functions of the Secretary under this title, and shall—

"(A) set forth such policies, assurances, and procedures as will insure that—

"(i) the funds received by the institution under this section and available to it after the requirements of subsection (e) have been met will be used solely to defray instructional expenses in academically related programs of the applicant;

"(ii) the funds received by the institution under this section will not be used for a school or department of divinity or for any religious worship or sectarian activity;

"(iii) the applicant will expend, during the academic year for which a payment is sought, for all academically related programs of the institution, an amount equal to at least the average amount so expended during the three years preceding the year for which the grant is sought;

"(iv) the applicant will expend, during the academic year for which a payment is sought, for enhancing the functions of the Veterans Education Outreach Program, an amount equal to at least the amount of the award under this section from sources other than this or any other Federal program; and

"(v) the applicant will submit to the Secretary such reports as the Secretary may require by regulation;

"(B) contain such other statement of policies, assurances, and procedures as the Secretary may require by regulation in order to protect the financial interests of the United States; and

"(C) set forth such plans, policies, assurances, and procedures as will insure that the applicant will make an adequate effort—

"(i) to maintain an office of veterans' affairs which has responsibility for veterans' outreach, recruitment, and special education programs, including the provision of educational, vocational, and personal counseling for veterans,

"(ii) to carry out programs designed to prepare educationally disadvantaged veterans for postsecondary education (I) under subchapter V of chapter 34 of title 38, United States Code, and (II) in the case of any institution located near a military installation, under subchapter VI of such chapter 34,

"(iii) to carry out active outreach (with special emphasis on service-connected disabled veterans, other disabled or handicapped veterans, incarcerated veterans, and educationally disadvantaged veterans), recruiting, and counseling activities through the use of funds available under federally assisted work-study programs (with special emphasis on the veteran-student services program under section 1685 of such title 38),

"(iv) to carry out an active tutorial assistance program for veterans, including dissemination of information regarding such program, with special emphasis on making

maximum use of the benefits available under section 1692 of such title 38, and

"(v) to coordinate activities carried out under this part with the readjustment counseling program authorized under section 612A of title 38, United States Code, and with the programs of veterans employment and training authorized under the Job Training Partnership Act and under chapters 41 and 42 of title 38, United States Code, in order to assist in serving the readjustment, rehabilitation, personal counseling, and employment needs of veterans,

except that an institution which the Secretary determines, in accordance with regulations jointly prescribed by the Secretary and the Administrator of Veterans' Affairs (hereinafter referred to as the 'Administrator'), cannot feasibly itself, in terms of the number of veterans in attendance there, carry out any or all of the programs set forth in subclauses (i) through (v) of clause (C), may carry out such program or programs through a consortium agreement with one or more other institutions of higher education and shall be required to carry out such programs only to the extent that the Secretary determines, in accordance with regulations jointly prescribed by the Secretary and the Administrator, is appropriate in terms of the number of veterans in attendance at such institution. The adequacy of efforts to meet the requirements of clause (C) of this paragraph shall be determined by the Secretary, based upon the recommendations of the Administrator, in accordance with criteria established in regulations jointly prescribed by the Secretary and the Administrator.

"(3) The Secretary shall not approve an application under this subsection unless he determines that the applicant will implement the requirements of clause (C) of paragraph (1) within the first academic year during which it receives a payment under this section.

"(4) Any institution which has been eligible under this section prior to September 30, 1985, for a continuous period of three of the last five years, and has at least 100 persons counted pursuant to subsection (b)(2), shall be determined eligible under the terms of this section.

"(d) COORDINATION OF PROGRAMS.—The Secretary, in carrying out the provisions of this section, shall seek to assure the coordination of programs assisted under this section with programs carried out by the Veterans' Administration pursuant to title 38, United States Code, and the Administrator shall provide all assistance, technical consultation, and information otherwise authorized by law as necessary to promote the maximum effectiveness of the activities and programs assisted under this section.

"(e) ADMINISTRATION OF PROGRAM.—The program provided for in this section shall be administered by an identifiable administrative unit in the Department of Education.

"(f) DISSEMINATION OF INFORMATION.—From the amounts appropriated for this section, the Secretary shall retain one percent or $10,000, whichever is less, for the purpose of collecting information about exemplary Veterans Educational Outreach Programs and disseminating that information to other institutions of higher education having such programs on their campuses. Such collection and dissemination shall be done on an annual basis.

"Subpart 8—Special Child Care Services for Disadvantaged College Students

"SEC. 420B. SPECIAL CHILD CARE SERVICES FOR DISADVANTAGED COLLEGE STUDENTS.

"(a) PROGRAM AUTHORITY.—Funds appropriated pursuant to subsection (c) shall be used by the Secretary to make grants to institutions of higher education to provide special child care services to disadvantaged students.

"(b) APPLICATIONS.—Any institution wishing to receive a grant under this section shall submit an application to the Secretary. Such application shall include—

"(1) a description of the program to be established;

"(2) assurances by the applicant to the Secretary that—

"(A) not less than two-thirds of the participants in the program are low-income individuals who are first generation college students;

"(B) the remaining participants in the program are either low-income individuals or first generation college students;

"(C) the participants require the services to pursue a successful program of education beyond high school;

"(D) the participants are enrolled at the institution which is the recipient of the grant;

"(E) all participants will receive sufficient assistance (under this subpart, other provisions of this title, or otherwise) to meet that student's full financial need for child care services related to such enrollment; and

"(F) the institution will meet such need of participants by providing child care through vouchers, contracted services, or direct provision of services; and

"(3) such information (and meet such conditions) as may be required by the Secretary.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the purposes of this section, $15,000,000 for the fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(d) DEFINITIONS.—For the purposes of this subpart—

"(1) the term 'first generation college student' means—

"(A) an individual both of whose parents did not complete a baccalaureate degree; or

"(B) in the case of any individual who regularly resided with and received support from only one parent, an individual whose only such parent did not complete a baccalaureate degree;

"(2) the term 'low-income individual' means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.".

PART B—REVISION OF PART B OF TITLE IV

SEC. 411. AMENDMENT TO PART B OF TITLE IV.

(a) AMENDMENT.—Part B of title IV of the Act (20 U.S.C. 1071 et seq.) is amended to read as follows:

"PART B—GUARANTEED STUDENT LOAN PROGRAM

SEC. 421. STATEMENT OF PURPOSE; NONDISCRIMINATION; AND APPROPRIATIONS AUTHORIZED.

"(a) PURPOSE; DISCRIMINATION PROHIBITED.—

"(1) PURPOSE.—The purpose of this part is to enable the Secretary—

"(A) to encourage States and nonprofit private institutions and organizations to establish adequate loan insurance programs for students in eligible institutions (as defined in section 435),

"(B) to provide a Federal program of student loan insurance for students or lenders who do not have reasonable access to a State or private nonprofit program of student loan insurance covered by an agreement under section 428(b),

"(C) to pay a portion of the interest on loans to qualified students which are insured under this part, and

"(D) to guarantee a portion of each loan insured under a program of a State or of a nonprofit private institution or organization which meets the requirements of section 428(a)(1)(B).

"(2) DISCRIMINATION BY CREDITORS PROHIBITED.—No agency, organization, institution, bank, credit union, corporation, or other lender who regularly extends, renews, or continues credit or provides insurance under this part shall exclude from receipt or deny the benefits of, or discriminate against any borrower or applicant in obtaining, such credit or insurance on the basis of race, national origin, religion, sex, marital status, age, or handicapped status.

"(b) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this part—

"(1) there are authorized to be appropriated to the student loan insurance fund (established by section 431) (A) the sum of $1,000,000, and (B) such further sums, if any, as may become necessary for the adequacy of the student loan insurance fund,

"(2) there are authorized to be appropriated, for payments under section 428 with respect to interest on student loans and for payments under section 437, such sums for the fiscal year ending June 30, 1966, and succeeding fiscal years, as may be required therefor.

"(3) there is authorized to be appropriated the sum of $17,500,000 for making advances pursuant to section 422 for the reserve funds of State and nonprofit private student loan insurance programs;

"(4) there are authorized to be appropriated (A) the sum of $12,500,000 for making advances after June 30, 1968, pursuant to sections 422 (a) and (b), and (B) such sums as may be necessary for making advances pursuant to section 422(c), for the reserve funds of State and nonprofit private student loan insurance programs; and

"(5) there are authorized to be appropriated such sums as may be necessary for the purpose of paying an administrative cost allowance in accordance with section 428(f) to guaranty agencies.

Sums appropriated under paragraphs (1), (2), (4), and (5) of this subsection shall remain available until expended.

"SEC. 422. ADVANCES FOR RESERVE FUNDS OF STATE AND NONPROFIT PRIVATE LOAN INSURANCE PROGRAMS.

"(a) PURPOSE OF AND AUTHORITY FOR ADVANCES TO RESERVE FUNDS.—

"(1) PURPOSE; ELIGIBLE RECIPIENTS.—From sums appropriated pursuant to paragraphs (3) and (4)(A) of section 421(b), the Secretary is authorized to make advances to any State with which the Secretary has made an agreement pursuant to section 428(b) for the purpose of helping to establish or strengthen the reserve fund of the student loan insurance program covered by that agreement. If for any fiscal year a State does not have a student loan insurance program covered by an agreement made pursuant to section 428(b), and the Secretary determines after consultation with the chief executive officer of that State that there is no reasonable like-

lihood that the State will have such a student loan insurance program for such year, the Secretary may make advances for such year for the same purpose to one or more nonprofit private institutions or organizations with which the Secretary has made an agreement pursuant to section 428(b) in order to enable students in the State to participate in a program of student loan insurance covered by such an agreement. The Secretary may make advances under this subsection both to a State program (with which he has such an agreement) and to one or more nonprofit private institutions or organizations (with which he has such an agreement) in that State if he determines that such advances are necessary in order that students in each eligible institution have access through such institution to a student loan insurance program which meets the requirements of section 428(b)(1).

"(2) MATCHING REQUIREMENT.—No advance shall be made after June 30, 1968, unless matched by an equal amount from non-Federal sources. Such equal amount may include the unencumbered non-Federal portion of a reserve fund. As used in the preceding sentence, the term 'unencumbered non-Federal portion' means the amount (determined as of the time immediately preceding the making of the advance) of the reserve fund less the greater of—

"(A) the sum of—

"(i) advances made under this section prior to July 1, 1968;

"(ii) an amount equal to twice the amount of advances made under this section after June 30, 1968, and before the advance for purposes of which the determination is made; and

"(iii) the proceeds of earnings on advances made under this section; or

"(B) any amount which is required to be maintained in such fund pursuant to State law or regulation, or by agreement with lenders, as a reserve against the insurance of outstanding loans.

"(3) TERMS AND CONDITIONS; REPAYMENT.—Advances pursuant to this subsection shall be upon such terms and conditions (including conditions relating to the time or times of payment) consistent with the requirements of section 428(b) as the Secretary determines will best carry out the purposes of this section. Advances made by the Secretary under this subsection shall be repaid within such period as the Secretary may deem to be appropriate in each case in the light of the maturity and solvency of the reserve fund for which the advance was made.

"(b) LIMITATIONS ON TOTAL ADVANCES.—

"(1) IN GENERAL.—The total of the advances from the sums appropriated pursuant to paragraph (4)(A) of section 421(b) to nonprofit private institutions and organizations for the benefit of students in any State and to such State may not exceed an amount which bears the same ratio to such sums as the population of such State aged 18 to 22, inclusive, bears to the population of all the States aged 18 to 22 inclusive, but such advances may otherwise be in such amounts as the Secretary determines will best achieve the purposes for which they are made. The amount available, however, for advances to any State shall not be less than $25,000 and any additional funds needed to meet this requirement shall be derived by proportionately reducing (but not below $25,000) the amount available for advances to each of the remaining States.

"(2) CALCULATION OF POPULATION.—For the purposes of this subsection, the population aged 18 to 22, inclusive, of each State and of all the States shall be determined by the Secretary on the basis of the most recent satisfactory data available to him.

"(c) ADVANCES FOR INSURANCE OBLIGATIONS.—

"(1) USE FOR PAYMENT OF INSURANCE OBLIGATIONS.—From sums appropriated pursuant to section 421(b)(4)(B), the Secretary shall advance to each State which has an agreement with the Secretary under section 428(c) with respect to a student loan insurance program, an amount determined in accordance with paragraph (2) of this subsection to be used for the purpose of making payments under the State's insurance obligations under such program.

"(2) AMOUNT OF ADVANCES.—(A) Except as provided in subparagraph (B), the amount to be advanced to each such State shall be equal to 10 percent of the principal amount of loans made by lenders and insured by such agency on those loans on which the first payment of principal became due during the fiscal year immediately preceding the fiscal year in which the advance is made.

"(B) The amount of any advance determined according to subparagraph (A) of this paragraph shall be reduced by—

"(i) the amount of any advance or advances made to such State pursuant to this subsection at an earlier date; and

"(ii) the amount of the unspent balance of the advances made to a State pursuant to subsection (a).

Notwithstanding subparagraph (A) and the preceding sentence of this subparagraph, but subject to subparagraph (D) of this paragraph, the amount of any advance to a State described in paragraph (5)(A) for the first year of its eligibility under such paragraph, and the amount of any advance to any State described in paragraph (5)(B) for each year of its eligibility under such paragraph, shall not be less than $50,000.

"(C) For purposes of subparagraph (B), the unspent balance of the advances made to a State pursuant to subsection (a) shall be that portion of the balance of the State's reserve fund (remaining at the time of the State's first request for an advance pursuant to this subsection) which bears the same ratio to such balance as the Federal advances made and not returned by such State, pursuant to subsection (a), bears to the total of all past contributions to such reserve funds from all sources (other than interest on investment of any portion of the reserve fund) contributed since the date such State executed an agreement pursuant to section 428(b).

"(D) If the sums appropriated for any fiscal year for paying the amounts determined under subparagraphs (A) and (B) are not sufficient to pay such amounts in full, then such amounts shall be reduced—

"(i) by ratably reducing that portion of the amount allocated to each State which exceeds $50,000; and

"(ii) if further reduction is required, by equally reducing the $50,000 minimum allocation of each State.

If additional sums become available for paying such amounts for any fiscal year during which the preceding sentence has been applied, such reduced amounts shall be increased on the same basis as they were reduced.

"(3) USE OF EARNINGS FOR INSURANCE OBLIGATIONS.—The earnings, if any, on any investments of advances received pursuant to this subsection must be used for making payments under the State's insurance obligations.

"(4) REPAYMENT OF ADVANCES.—Advances made by the Secretary under this subsection shall, subject to subsection (d), be repaid within such period as the Secretary may deem to be appropriate and shall be deposited in the fund established by section 431.

"(5) LIMITATION ON NUMBER OF ADVANCES.—Advances pursuant to this subsection shall be made to a State—

"(A) in the case of a State which is actively carrying on a program under an agreement pursuant to section 428(b) which was entered into before the date of enactment of this subsection, upon such date as such State may request, but not before October 1, 1977, and on the same day of each of the two succeeding calendar years after the date so requested; and

"(B) in the case of a State which enters into an agreement pursuant to section 428(b) on or after the date of enactment of this subsection or which is not actively carrying on a program under an agreement pursuant to such section on such date, upon such date as such State may request, but not before October 1, 1977, and on the same day of each of the four succeeding calendar years after the date so requested of the advance.

"(6) PAYMENT OF ADVANCES WHERE NO STATE PROGRAM.—(A) If for any fiscal year a State does not have a student loan insurance program covered by an agreement made pursuant to section 428(b), and the Secretary determines after consultation with the chief executive officer of that State that there is no reasonable likelihood that the State will have such a student loan insurance program for such year, the Secretary may make advances pursuant to this subsection for such year for the same purpose to one or more nonprofit private institutions or organizations with which he has made an agreement pursuant to subsection (c), as well as subsection (b), of section 428 and subparagraph (B) of this paragraph in order to enable students in that State to participate in a program of student loan insurance covered by such agreements.

"(B) The Secretary may enter into an agreement with private nonprofit institution or organization for purposes of this paragraph under which such institution or organization—

"(i) agrees to establish within such State at least one office with sufficient staff to handle written and telephone inquiries from students, eligible lenders, and other persons in the State, to encourage maximum commercial lender participation within the State, and to conduct periodic visits to at least the major eligible lenders within the State;

"(ii) agrees that its insurance will not be denied any student because of his or her choice of eligible institutions or the student's lack of need; and

"(iii) certifies that it is neither an eligible institution, nor has any substantial affiliation with an eligible institution.

"(d) RECOVERY OF ADVANCES DURING FISCAL YEAR 1988.—

"(1) AMOUNT AND USE OF RECOVERED FUNDS.—Notwithstanding any other provision of this section, advances made by the Secretary under this section shall be repaid in accordance with this subsection and shall be deposited in the fund established by section 431. The Secretary shall, in accordance with the requirements of paragraph (2), recover (and so deposit) an amount equal to $50,000,000 during fiscal year 1988.

"(2) DETERMINATION OF GUARANTY AGENCY OBLIGATIONS.—In determining the amount of advances which shall be repaid by a guaran-

ty agency under paragraph (1), the Secretary—

"(A) shall consider the solvency and maturity, as determined by the Comptroller General, of the reserve and insurance funds of the State or nonprofit private institution or organization assisted by such advances; and

"(B) shall not seek repayment of such advances from any State described in subsection (c)(5)(B) during any year of its eligibility under such subsection.

"(3) STANDARDS FOR COMPTROLLER GENERAL REVIEW.—In making determinations under paragraph (2)(A) of this subsection, the Comptroller General shall take into account the requirements of State law in effect on the date of enactment of this paragraph.

"SEC. 423. EFFECTS OF ADEQUATE NON-FEDERAL PROGRAMS.

"(a) FEDERAL INSURANCE BARRED TO LENDERS WITH ACCESS TO STATE OR PRIVATE INSURANCE.—Except as provided in subsection (b), the Secretary shall not issue certificates of insurance under section 429 to lenders in a State if he determines that every eligible institution has reasonable access in that State to a State or private nonprofit student loan insurance program which is covered by an agreement under section 428(b).

"(b) EXCEPTIONS.—The Secretary may issue certificates of insurance under section 429 to a lender in a State—

"(1) for insurance of a loan made to a student borrower who does not, by reason of his residence, have access to loan insurance under the loan insurance program of such State (or under any private nonprofit loan insurance program which has received an advance under section 422 for the benefit of students in such State);

"(2) for insurance of all the loans made to student borrowers by a lender who satisfies the Secretary that, by reason of the residence of such borrowers, such lender will not have access to any single State or nonprofit private loan insurance program which will insure substantially all of the loans such lender intends to make to such student borrowers; or

"(3) under such circumstances as may be approved by the guaranty agency in such State, for the insurance of a loan to a borrower for whom such lender previously was issued such a certificate if the loan covered by such certificate is not yet repaid.

"SEC. 424. SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM.

"(a) LIMITATIONS ON AMOUNTS OF LOANS COVERED BY FEDERAL INSURANCE.—The total principal amount of new loans made and installments paid pursuant to lines of credit (as defined in section 435) to students covered by Federal loan insurance under this part shall not exceed $2,000,000,000 for the period from July 1, 1976, to September 30, 1976, and for each of the succeeding fiscal years ending prior to October 1, 1992. Thereafter, Federal loan insurance pursuant to this part may be granted only for loans made (or for loan installments paid pursuant to lines of credit) to enable students, who have obtained prior loans insured under this part, to continue or complete their educational program; but no insurance may be granted for any loan made or installment paid after September 30, 1997.

"(b) APPORTIONMENT OF AMOUNTS.—The Secretary may, if he or she finds it necessary to do so in order to assure an equitable distribution of the benefits of this part, assign, within the maximum amounts specified in subsection (a), Federal loan insurance quotas applicable to eligible lenders, or to States or areas, and may from time to time reassign unused portions of these quotas.

"SEC. 425. LIMITATIONS ON INDIVIDUAL FEDERALLY INSURED LOANS AND ON FEDERAL LOAN INSURANCE.

"(a) ANNUAL AND AGGREGATE LIMITS.—

"(1) ANNUAL LIMITS.—(A) The total of loans made to a student in any academic year or its equivalent (as determined by the Secretary) which may be covered by Federal loan insurance under this part may not exceed—

"(i) $2,500, in the case of a student who has not successfully completed the first and second year of a program of undergraduate education;

"(ii) $5,000, in the case of a student who has completed such first and second year but who has not completed the remainder of a program of undergraduate education; or

"(iii) in the case of a graduate or professional student (as defined in regulations of the Secretary)—

"(I) $5,000, if such student attends an institution for which the sum of the tuition, fees, and costs (as determined under section 472(1)) is less than $5,000;

"(II) an amount equal to such sum, if such sum is equal to or greater than $5,000 but less than $8,000; and

"(III) $8,000, if such sum is equal to or greater than $8,000.

"(B) The annual insurable limits contained in subparagraph (A) shall not apply in cases where the Secretary determines, pursuant to regulations, that a higher amount is warranted in order to carry out the purposes of this part with respect to students engaged in specialized training requiring exceptionally high costs of education. The annual insurable limit per student shall not be deemed to be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any year in excess of the annual limit.

"(2) AGGREGATE LIMITS.—(A) The aggregate insured unpaid principal amount for all such insured loans made to any student shall not at any time exceed—

"(i) $14,500 in the case of any student who has not successfully completed a program of undergraduate education; and

"(ii) an amount equal to the sum of the annual limits applicable to the borrower under paragraph (1)(A)(iii) of this subsection for each of the first five academic years of graduate or professional study for which the borrower obtained loans under this part, plus $14,500, in the case of any graduate or professional student (as defined by regulations of the Secretary and including any loans which are insured by the Secretary under this part, or by a guaranty agency, made to such person before he or she became a graduate or professional student).

"(B) The Secretary shall increase the aggregate insurable limit applicable to students who are pursuing programs which the Secretary determines are exceptionally expensive.

"(b) LEVEL OF INSURANCE COVERAGE BASED ON DEFAULT RATE.—

"(1) REDUCTION FOR DEFAULTS IN EXCESS OF 5 OR 9 PERCENT.—(A) Except as provided in subparagraph (B), the insurance liability on any loan insured by the Secretary under this part shall be 100 percent of the unpaid balance of the principal amount of the loan plus interest, except that—

"(i) if, for any fiscal year, the total amount of payments under section 430 by the Secretary to any eligible lender as described in section 435(d)(1)(D) exceeds 5 percent of the sum of the loans made by such lender which are insured by the Secretary and which were in repayment at the end of the preceding fiscal year, the insurance liability under this subsection for that portion of such excess which represents loans insured after the applicable date with respect to such loans, as determined under subparagraph (C), shall be equal to 90 percent of the amount of such portion;

"(ii) if, for any fiscal year, the total amount of such payments to such a lender exceeds 9 percent of such sum, the insurance liability under this subsection for that portion of such excess which represents loans insured after the applicable date with respect to such loans, as determined under subparagraph (C), shall be equal to 80 percent of the amount of such portion.

"(B) Notwithstanding subparagraph (A), the provisions of clauses (i) and (ii) of such subparagrph shall not apply to an eligible lender as described in section 435(d)(1)(D) for the fiscal year in which such lender begins to carry on a loan program insured by the Secretary, or for any of the four succeeding fiscal years.

"(C) The applicable date with respect to a loan made by an eligible lender as described in section 435(d)(1)(D) shall be—

"(i) the 90th day after the adjournment of the next regular session of the appropriate State legislature which convenes after the date of enactment of the Education Amendments of 1967, or

"(ii) if the primary source of lending capital for such lender is derived from the sale of bonds, and the constitution of the appropriate State prohibits a pledge of such State's credit as security against such bonds, the day which is one year after such 90th day.

"(2) COMPUTATION OF AMOUNTS IN REPAYMENT.—For the purposes of this subsection, the sum of the loans made by a lender which are insured by the Secretary and which are in repayment shall be the original principal amount of loans made by such lender which are insured by the Secretary reduced by—

"(A) the amount the Secretary has been required to pay to discharge his or her insurance obligations under this part;

"(B) the original principal amount of loans insured by the Secretary which have been fully repaid;

"(C) the original principal amount insured on those loans for which payment of first installment of principal has not become due pursuant to section 427(a)(2)(B) or such first installment need not be paid pursuant to section 427(a)(2)(C); and

"(D) the original principal amount of loans repaid by the Secretary under section 437.

"(3) PAYMENTS TO ASSIGNEES.—For the purposes of this subsection, payments by the Secretary under section 430 to an assignee of the lender with respect to a loan shall be deemed payments made to such lender.

"(4) PLEDGE OF FULL FAITH AND CREDIT.—The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under the provisions of section 430 or 437 of this part.

"SEC. 426. SOURCES OF FUNDS.

"Loans made by eligible lenders in accordance with this part shall be insurable by the Secretary whether made from funds fully owned by the lender or from funds held by the lender in a trust or similar capacity and available for such loans.

"SEC. 427. ELIGIBILITY OF STUDENT BORROWERS AND TERMS OF FEDERALLY INSURED STUDENT LOANS.

"(a) LIST OF REQUIREMENTS.—A loan by an eligible lender shall be insurable by the Secretary under the provisions of this part only if—

"(1) made to a student who (A) is an eligible student under section 484, (B) has agreed to notify promptly the holder of the loan concerning any change of address, and (C) is carrying at least one-half the normal full-time academic workload for the course of study he or she is pursuing (as determined by the institution); and

"(2) evidenced by a note or other written agreement which—

"(A) is made without security and without endorsement, except that if the borrower is a minor and such note or other written agreement executed by him or her would not, under the applicable law, create a binding obligation, endorsement may be required;

"(B) provides for repayment (except as provided in subsection (c)) of the principal amount of the loan in installments over a period of not less than five years (unless sooner repaid or unless the student, during the nine months preceding the start of the repayment period, specifically requests that repayment be made over a shorter period) nor more than ten years beginning nine months after the month in which the student ceases to carry at an eligible institution at least one-half the normal full-time academic workload as determined by the institution, except—

"(i) as provided in subparagraph (C);

"(ii) that the note or other written instrument may contain such provisions relating to repayment in the event of default in the payment of interest or in the payment of the cost of insurance premiums, or other default by the borrower, as may be authorized by regulations of the Secretary in effect at the time the loan is made; and

"(iii) that the lender and the student, after the student ceases to carry at an eligible institution at least one-half the normal full-time academic workload as determined by the institution, may agree to a repayment schedule which begins earlier, or is of shorter duration, than required by this subparagraph, but in the event a student has requested and obtained a repayment period of less than five years, he or she may at any time prior to the total repayment of the loan, have the repayment period extended so that the total repayment period is not less than five years;

"(C) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period—

"(i) during which the borrower is pursuing at least a half-time course of study at an eligible institution, is pursuing a course of study pursuant to a graduate fellowship program approved by the Secretary, or pursuant to a rehabilitation training program for disabled individuals approved by the Secretary;

"(ii) not in excess of three years during which the borrower is a member of the Armed Forces of the United States, is an active duty member of the National Oceanic and Atmospheric Administration Corps, or is an officer in the Commissioned Corps of the Public Health Service;

"(iii) not in excess of three years during which the borrower is in service as a volunteer under the Peace Corps Act;

"(iv) not in excess of three years during which the borrower is in service as a full-time volunteer under the Domestic Volunteer Service Act of 1973;

"(v) not in excess of three years during which the borrower is in service, comparable to the service referred to in clauses (iii) and (iv), as a full-time volunteer for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1954;

"(vi) not in excess of five years during which the borrower is engaged as a full-time teacher in a public or private elementary or secondary school;

"(vii) not in excess of two years during which the borrower is serving an internship, the successful completion of which is required in order to receive professional recognition required to begin professional practice or service;

"(viii) not in excess of three years during which the borrower is temporarily totally disabled, as established by sworn affidavit of a qualified physician, or during which the borrower is unable to secure employment by reason of the care required by a spouse who is so disabled;

"(ix) not in excess of three years during which a single parent borrower is unable to secure employment by reason of the care required by a disabled child of such borrower (as defined in section 435(g)(3));

"(x) during a single period, not in excess of twelve months, at the request of the borrower, during which the borrower is seeking and unable to find full-time employment; or

"(xi) not in excess of six months of parental leave,

and that any such period shall not be included in determining the ten-year period provided in subparagraph (B);

"(D) provides for interest on the unpaid principal balance of the loan at a yearly rate, not exceeding the applicable maximum rate prescribed in section 427A, which interest shall be payable in installments over the period of the loan except that, if provided in the note or other written agreement, any interest payable by the student may be deferred until not later than the date upon which repayment of the first installment of principal falls due, in which case interest accrued during that period may be added on that date to the principal;

"(E) provides that the lender will not collect or attempt to collect from the borrower any portion of the interest on the note which is payable by the Secretary under this part, and that the lender will enter into such agreements with the Secretary as may be necessary for the purposes of section 437;

"(F) entitles the student borrower to accelerate without penalty repayment of the whole or any part of the loan;

"(G)(i) contains a notice of the system, of disclosure of information concerning such loan to credit bureau organizations under section 430A, and (ii) provides that the lender on request of the borrower will provide information on the repayment status of the note to such organizations; and

"(H) contains such other terms and conditions, consistent with the provisions of this part and with the regulations issued by the Secretary pursuant to this part, as may be agreed upon by the parties to such loan, including, if agreed upon, a provision requiring the borrower to pay the lender, in addition to principal and interest, amounts equal to the insurance premiums payable by the lender to the Secretary with respect to such loan;

"(3) the funds borrowed by a student are disbursed to the institution by check or other means that is payable to and requires the endorsement or other certification by such student, except nothing in this title shall be interpreted to allow the Secretary to require checks to be made co-payable to the institution and the borrower or to prohibit the disbursement of loan proceeds by means other than by check; and

"(4) in the case of a loan made for any period of enrollment of more than six months, one semester, two quarters, or 600 clock hours and for an amount of $1,000 or more, the proceeds of the loan will be disbursed directly by the lender in two or more installments, none of which exceeds one-half of the loan, with the interval between the first and second installment being not less than one-third of such period (except as necessary to permit the second installment to be disbursed at the beginning of the second semester, quarter, or similar division of such period of enrollment).

For purposes of paragraph (4), all loans issued for the same period of enrollment shall be considered as a single loan.

"(b) MINIMUM REPAYMENT RATE.—The total of the payments by a borrower during any year of any repayment period with respect to the aggregate amount of all loans to that borrower which are insured under this part shall not, unless the borrower and the lender otherwise agree, be less than $600 or the balance of all such loans (together with interest thereon), whichever amount is less, except that in the case of a husband and wife, both of whom have such loans outstanding, the total of the combined payments for such a couple during any year shall not be less than $600 or the balance of all such loans, whichever is less.

"SEC. 427A. APPLICABLE INTEREST RATES.

"(a) RATES TO BE CONSISTENT FOR BORROWER'S ENTIRE DEBT.—With respect to any loan to cover the cost of instruction for any period of instruction beginning on or after January 1, 1981, the rate of interest applicable to any borrower shall—

"(1) not exceed 7 percent per year on the unpaid principal balance of the loan in the case of any borrower who, on the date of entering into the note or other written evidence of that loan, has an outstanding balance of principal or interest on any loan made, insured, or guaranteed under this part, for which the interest rate does not exceed 7 percent;

"(2) except as provided in paragraph (3), be 9 percent per year on the unpaid principal balance of the loan in the case of any borrower who, on the date of entering into the note or other written evidence of that loan, has no outstanding balance of principal or interest on any loan described in paragraph (1) or any loan for which the interest rate is determined under paragraph (1); or

"(3) be 8 percent per year on the unpaid principal balance of the loan for a loan to cover the cost of education for any period of enrollment beginning on or after a date which is three months after a determination made under subsection (b) in the case of any borrower who, on the date of entering into the note or other written evidence of the loan, has no outstanding balance of principal or interest on any loan for which the interest rate is determined under paragraph (1) or (2) of this subsection.

"(b) REDUCTION FOR NEW BORROWERS AFTER DECLINE IN TREASURY BILL RATES.—If for any twelve-month period beginning on or after January 1, 1981, the Secretary, after consultation with the Secretary of the Treasury, determines that the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned for such twelve-month period is equal to or less than 9 percent, the interest rate for loans under this part shall be the rate prescribed in subsection (a)(3) for borrowers described in such subsection.

"(c) RATES FOR SUPPLEMENTAL LOANS FOR STUDENTS AND LOANS FOR PARENTS.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the applicable rate of interest on loans made pursuant to section 428B or 428C on or after October 1, 1981, shall be 14 percent per year on the unpaid principal balance of the loan.

"(2) REDUCTION OF RATE AFTER DECLINE IN TREASURY BILL RATES.—If for any twelve-month period beginning on or after October 1, 1981, the Secretary, after consultation with the Secretary of the Treasury, determines that the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned for such twelve-month period is equal to or less than 14 percent, the applicable rate of interest for loans made pursuant to section 428B or 428C on and after the first day of the first month beginning after the date of publication of such determination shall be 12 percent per year on the unpaid principal balance of the loan.

"(3) INCREASE OF RATE AFTER INCREASE IN TREASURY BILL RATES.—If for any twelve-month period beginning on or after the date of publication of a determination under paragraph (2), the Secretary, after consultation with the Secretary of the Treasury, determines that the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned for such twelve-month period exceeds 14 percent, the applicable rate of interest for loans made pursuant to section 428B or 428C on and after the first day of the first month beginning after the date of publication of that determination under this paragraph shall be 14 percent per year on the unpaid principal balance of the loan.

"(d) INTEREST RATES FOR NEW BORROWERS AFTER OCTOBER 1, 1987.—Notwithstanding subsections (a) and (b) of this section, with respect to any loan (other than a loan made pursuant to section 428B, 428C, and 428D) to cover the cost of instruction for any period of enrollment beginning on or after October 1, 1987, to any borrower who on, on the date of entering into the note or other written evidence of the loan, has no outstanding balance of principal or interest on any loan made, insured, or guaranteed under this part, the applicable rate of interest shall be—

"(1) 8 percent per year on the unpaid principal balance of the loan during the period beginning on the date of the disbursement of the loan and ending 4 years after the commencement of repayment; and

"(2) 10 percent per year on the unpaid principal balance of the loan during the remainder of the repayment period.

"(e) LESSER RATES PERMITTED.—Nothing in this section shall be construed to prohibit a lender from charging a borrower interest at a rate less than the rate which is applicable under this part.

"(f) DEFINITIONS.—For the purposes of subsections (a) and (d) of this section—

"(1) the term 'period of instruction' shall, at the discretion of the lender, be any academic year, semester, trimester, quarter, or other academic period; or shall be the period for which the loan is made as determined by the institution of higher education; and

"(2) the term 'period of enrollment' shall be the period for which the loan is made as determined by the institution of higher education and shall coincide with academic terms such as academic year, semester, trimester, quarter, or other academic period as defined by such institution.

"SEC. 428. FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS.

"(a) FEDERAL INTEREST SUBSIDIES.—

"(1) TYPES OF LOANS THAT QUALIFY.—Each student who has received a loan for study at an eligible institution—

"(A) which is insured by the Secretary under this part; or

"(B) which is insured under a program of a State or of a nonprofit private institution or organization which was contracted for, and paid to the student, within the period specified in paragraph (5), and which—

"(i) in the case of a loan insured prior to July 1, 1967, was made by an eligible lender and is insured under a program which meets the requirements of subparagraph (E) of subsection (b)(1) and provides that repayment of such loan shall be in installments beginning not earlier than sixty days after the student ceases to pursue a course of study (as described in subparagraph (D) of subsection (b)(1)) at an eligible institution, or

"(ii) in the case of a loan insured after June 30, 1967, was made by an eligible lender and is insured under a program covered by an agreement made pursuant to subsection (b),

shall be entitled to have paid on his or her behalf and for his or her account to the holder of the loan a portion of the interest on such loan under circumstances described in paragraph (2).

"(2) ADDITIONAL REQUIREMENTS TO RECEIVE SUBSIDY.—(A) Each student qualifying for a portion of an interest payment under paragraph (1) shall—

"(i) have provided to the lender a statement from the eligible institution, at which the student has been accepted for enrollment, or at which the student is in attendance, which—

"(I) sets forth such student's estimated cost of attendance (as determined under section 472); and

"(II) sets forth such student's estimated financial assistance; and

"(ii) meet the requirements of subparagraph (B).

"(B) For the purposes of clause (ii) of subparagraph (A), a student shall qualify for a portion of an interest payment under paragraph (1) if the eligible institution has provided the lender with a statement evidencing a determination of need for a loan (as determined under part F of this title) and the amount of such need, subject to the provisions of subparagraph (D).

"(C) For the purpose of paragraph (1) and this paragraph—

"(i) a student's estimated financial assistance means, for the period for which the loan is sought, the amount of assistance such student will receive under subpart 1 of part A (as determined in accordance with section 484(b)), subpart 2 of part A, and parts C and E of this title, and any amount paid the student under chapters 32, 34, and 35 of title 38, United States Code, plus other scholarship, grant, or loan assistance; and

"(ii) the determination of need and of the amount of a loan by an eligible institution under subparagraph (B) with respect to a student shall be calculated by subtracting from the estimated cost of attendance at the eligible institution the total of the expected family contribution with respect to such student plus any estimated financial assistance reasonably available to such student.

"(D) For the purpose of subparagraph (B), the amount of the loan which is qualified for a payment under paragraph (1) is the amount of the need of such student as determined by the eligible institution.

"(3) AMOUNT OF INTEREST SUBSIDY.—(A) Subject to section 438(c), the portion of the interest on a loan which a student is entitled to have paid on his or her behalf and for his or her account to the holder of the loan pursuant to paragraph (1) of this subsection shall be equal to the total amount of the interest on the unpaid principal amount of the loan which accrues prior to the beginning of the repayment period of the loan, or which accrues during a period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in subsection (b)(1)(M) of this section or in section 427(a)(2)(C). Such portion of the interest on a loan shall not exceed, for any period, the amount of the interest on that loan which is payable by the student after taking into consideration the amount of any interest on that loan which the student is entitled to have paid on his or her behalf for that period under any State or private loan insurance program. The holder of a loan with respect to which payments are required to be made under this section shall be deemed to have a contractual right, as against the United States, to receive from the Secretary the portion of interest which has been so determined. The Secretary shall pay this portion of the interest to the holder of the loan on behalf of and for the account of the borrower at such times as may be specified in regulations in force when the applicable agreement entered into pursuant to subsection (b) was made, or, if the loan was made by a State or is insured under a program which is not covered by such an agreement, at such times as may be specified in regulations in force at the time the loan was paid to the student.

"(B) If (i) a State student loan insurance program is covered by an agreement under subsection (b), (ii) a statute of such State limits the interest rate on loans insured by such program to a rate which is less than the applicable interest rate under this part, and (iii) the Secretary determines that subsection (d) does not make such statutory limitation inapplicable and that such statutory limitation threatens to impede the carrying out of the purposes of this part, then the Secretary may pay an administrative cost allowance to the holder of each loan which is insured under such program and which is made during the period beginning on the sixtieth day after the date of enactment of the Higher Education Amendments of 1968 and ending 120 days after the adjournment of such State's first regular legislative session which adjourns after January 1, 1969. Such administrative cost allowance shall be paid over the term of the loan in an amount per year (determined by the Secretary) which shall not exceed 1 percent of the unpaid principal balance of the loan.

"(4) SUBMISSION OF STATEMENTS BY HOLDERS ON AMOUNT OF PAYMENT.—Each holder of a loan with respect to which payments of interest are required to be made by the Secretary shall submit to the Secretary, at such time or times and in such manner as he may prescribe, statements containing such information as may be required by or pursuant to regulation for the purpose of enabling the Secretary to determine the amount of the payment which he must make with respect to that loan.

"(5) DURATION OF AUTHORITY TO MAKE INTEREST SUBSIDIZED LOANS.—The period referred to in subparagraph (B) of paragraph (1) of this subsection shall begin on the date of enactment of this Act and end at the close of September 30, 1992, except that, in the case of a loan made or insured under a student loan or loan insurance program to enable a student who has obtained a prior loan made or insured under such program to continue his or her education program, such period shall end at the close of September 30, 1996.

"(6) ASSESSMENT OF BORROWER'S FINANCIAL CONDITION NOT PROHIBITED OR REQUIRED.—Nothing in this or any other Act shall be construed to prohibit or require, unless otherwise specifically provided by law, a lender to evaluate the total financial situation of a student making application for a loan under this part, or to counsel a student with respect to any such loan, or to make a decision based on such evaluation and counseling with respect to the dollar amount of any such loan.

"(b) INSURANCE PROGRAM AGREEMENTS TO QUALIFY LOANS FOR INTEREST SUBSIDIES.—

"(1) REQUIREMENTS OF INSURANCE PROGRAM.—Any State or any nonprofit private institution or organization may enter into an agreement with the Secretary for the purpose of entitling students who receive loans which are insured under a student loan insurance program of that State, institution, or organization to have made on their behalf the payments provided for in subsection (a) if the Secretary determines that the student loan insurance program—

"(A) authorizes the insurance in any academic year or its equivalent (as determined under regulations of the Secretary) for any student who is carrying at an eligible institution at least one-half the normal full-time academic workload (as determined by the institution) in any amount up to a maximum of—

"(i) $2,500 in the case of a student who has not successfully completed the first or second year of a program of undergraduate education;

"(ii) $5,000, in the case of a student who has completed such first and second year but who has not completed the remainder of a program of undergraduate education;

"(iii) in the case of a graduate or professional student (as defined in regulations of the Secretary)—

"(I) $5,000, if such student attends an institution for which the sum of the tuition, fees, and costs (as determined under section 472(1)) is less than $5,000;

"(II) an amount equal to such sum, if such sum is equal to or greater than $5,000 but less than $8,000; and

"(III) $8,000, if such sum is equal to or greater than $8,000;

except in cases where the Secretary determines, pursuant to regulations, that a higher amount is warranted in order to carry out the purposes of this part with respect to students engaged in specialized training requiring exceptionally high costs of education, but the annual insurable limit per student shall not be deemed to be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any years in excess of the annual limit;

"(B) provides that the aggregate insured unpaid principal amount for all such insured loans made to any student shall be any amount up to a maximum of—

"(i) $14,500 in the case of any student who has not successfully completed a program of undergraduate education; and

"(ii) an amount equal to the sum of the annual limits applicable to the borrower under subparagraph (A)(iii) of this subsection for each of the first five academic years of graduate or professional study for which the borrower obtained loans under this part, plus $14,500, in the case of any graduate or professional student (as defined by regulations of the Secretary and including any loans which are insured by the Secretary under this part, or by a guaranty agency, made to such person before he became a graduate or professional student),

except that the Secretary shall increase the limit applicable to students who are pursuing programs which the Secretary determines are exceptionally expensive;

"(C) authorizes the insurance of loans to any individual student for at least six academic years of study or their equivalent (as determined under regulations of the Secretary);

"(D) provides that (i) the student borrower shall be entitled to accelerate without penalty the whole or any part of an insured loan, (ii) except as provided in subparagraph (M) of this paragraph, the repayment period of any insured loan may not exceed 10 years, and (iii) the note or other written evidence of any loan, may contain such provisions relating to repayment in the event of default by the borrower as may be authorized by regulations of the Secretary in effect at the time such note or written evidence was executed;

"(E) subject to subparagraphs (D) and (L) of this paragraph and except as provided by subparagraph (M) of this paragraph, provides that repayment of loans shall be in installments over a period of not less than five years (unless the student, during the nine months preceding the start of the repayment period, specifically requests that repayment be made over a shorter period) nor more than ten years beginning nine months after the month in which the student ceases to carry at least one-half the normal full-time academic workload as determined by the institution;

"(F) authorizes interest on the unpaid balance of the loan at a yearly rate not in excess of 7 percent per year on the unpaid principal balance of the loan (exclusive of any premium for insurance which may be passed on to the borrower), except as otherwise required by section 427A;

"(G) insures not less than 100 percent of the unpaid principal of loans insured under the program;

"(H) provides for collection of an insurance premium equal to not more than 3 percent per loan, by deduction proportionately from each installment payment of the proceeds of the loan to the borrower, and insures that the proceeds of the premium will not be used for incentive payments to lenders;

"(I) provides that the benefits of the loan insurance program will not be denied any student who is eligible for interest benefits under subsection (a) (1) and (2);

"(J) provides that a student may obtain insurance under the program for a loan for any year of study at an eligible institution;

"(K) in the case of a State program, provides that such State program is administered by a single State agency, or by one or more nonprofit private institutions or organizations under supervision of a single State agency;

"(L) provides that the total of the payments by a borrower during any year of any repayment period with respect to the aggregate amount of all loans to that borrower which are insured under this part shall not, unless the borrower and the lender otherwise agree, be less than $600 or the balance of all such loans (together with interest thereon), whichever amount is less, except that, in the case of a husband and wife, both of whom have such loans outstanding, the total of the combined payments for such a couple during any year shall not be less than $600 or the balance of all such loans, whichever is less;

"(M) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period—

"(i) during which the borrower is carrying at least one-half the full-time academic workload as determined by an eligible institution, is pursuing a course of study pursuant to a graduate fellowship program approved by the Secretary, or pursuant to a rehabilitation training program for disabled individuals approved by the Secretary;

"(ii) not in excess of three years during which the borrower is a member of the Armed Forces of the United States, is an active duty member of the National Oceanic and Atmospheric Administration Corps, or is an officer in the Commissioned Corps of the Public Health Service;

"(iii) not in excess of three years during which the borrower is in service as a volunteer under the Peace Corps Act;

"(iv) not in excess of three years during which the borrower is in service as a full-time volunteer under the Domestic Volunteer Service Act of 1973;

"(v) not in excess of three years during which the borrower is in service, comparable to the service referred to in clauses (iii) and (iv), as a full-time volunteer for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1954;

"(vi) not in excess of five years during which the borrower is engaged as a full-time teacher in a public or private elementary or secondary school;

"(vii) not in excess of two years during which the borrower is serving an internship, the successful completion of which is required in order to receive professional recognition required to begin professional practice or service;

"(viii) not in excess of three years during which the borrower is temporarily totally disabled, as established by sworn affidavit of a qualified physician, or during which the borrower is unable to secure employment by reason of the care required by a spouse who is so disabled;

"(ix) not in excess of three years during which a single parent borrower is unable to secure employment by reason of the care required by a disabled child of such borrower (as defined in section 435(g)(3));

"(x) during a single period, not in excess of twelve months, at the request of the borrower, during which the borrower is seeking and unable to find full-time employment; and

"(xi) not in excess of six months of parental leave;

"(N) provides that funds borrowed by a student are disbursed to the institution by check or other means that is payable to and requires the endorsement or other certification by such student, except nothing in this title shall be interpreted to allow the Secretary to require checks to be made co-payable to the institution and the borrower or to prohibit the disbursement of loan proceeds by means other than by check;

"(O) provides that the proceeds of any loan made for any period of enrollment of more than six months, one semester, two quarters, or 600 clock hours and for an amount of $1,000 or more—

"(i) will be disbursed directly by the lender in two or more installments, none of which exceeds one-half of the loan, with the interval between the first and second installment being not less than one-third of such period (except as necessary to permit the second installment to be disbursed at the beginning of the second semester, quarter, or similar division of such period of enrollment), or

"(ii) will be disbursed in such installments pursuant to the escrow provisions of subsection (i) of this section,

but all loans issued for the same period of enrollment shall be considered as a single loan for purposes of this subparagraph;

"(P) requires the borrower and the institution at which the borrower is in attendance to promptly notify the holder of the loan, directly or through the guaranty agency, concerning any change of address or status;

"(Q) provides for the guarantee of loans made to students and parents under sections 428B and 428C;

"(R) with respect to lenders which are eligible institutions, provides for the insurance of loans by only such institutions as are located within the geographic area served by such guaranty agency;

"(S) provides no restrictions with respect to the insurance of loans for students who are otherwise eligible for loans under such program if such a student is accepted for enrollment in or is attending an eligible institution within the State, or if such a student is a legal resident of the State and is accepted for enrollment in or is attending an eligible institution outside that State;

"(T) provides no restrictions with respect to eligible institutions which are more onerous than eligibility requirements for institutions under the Federal student loan insurance program as in effect on January 1, 1985, unless—

"(i) that institution is ineligible under regulations for the limitation, suspension, or termination of eligible institutions under the Federal student loan insurance program or is ineligible pursuant to criteria issued under the student loan insurance program which are substantially the same as regulations with respect to such eligibility issued under the Federal student loan insurance program; or

"(ii) there is a State constitutional prohibition affecting the eligibility of such an institution; and

"(U) provides (i) for the eligibility of all lenders described in section 435(d)(1) under reasonable criteria, unless (I) that lender is eliminated as a lender under regulations for the limitation, suspension, or termination of lender under the Federal student loan insurance program or is eliminated as a lender pursuant to criteria issued under the student loan insurance program which are substantially the same as regulations with respect to such eligibility as a lender issued under the Federal student loan insurance program, or (II) there is a State constitutional prohibition affecting the eligibility of a lender, and (ii) assurances that the guaranty agency will report to the Secretary annually concerning such criteria, including any procedures in effect under such program to limit, suspend, or terminate lenders.

"(2) CONTENTS OF INSURANCE PROGRAM AGREEMENT.—Such an agreement shall—

"(A) provide that the holder of any such loan will be required to submit to the Secretary, at such time or times and in such manner as the Secretary may prescribe, statements containing such information as may be required by or pursuant to regulation for the purpose of enabling the Secretary to determine the amount of the payment which must be made with respect to that loan;

"(B) include such other provisions as may be necessary to protect the financial interests of the United States and promote the purposes of this part, including such provisions as may be necessary for the purpose of section 437, and as are agreed to by the Secretary and the guaranty agency, as the case may be;

"(C) provide for making such reports, in such form and containing such information, as the Secretary may reasonably require to carry out functions under this part, and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports; and

"(D) provide for—

"(i) conducting, except as provided in clause (ii), financial and compliance audits of the guaranty agency at least once every two years and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

"(ii) with regard to a guaranty program of a State which is audited under chapter 75 of title 31, United States Code, deeming such audit to satisfy the requirements of clause (i) for the period of time covered by such audit.

"(c) GUARANTY AGREEMENTS FOR REIMBURSING LOSSES.—

"(1) AUTHORITY TO ENTER INTO AGREEMENTS.—(A) The Secretary may enter into a guaranty agreement with any guaranty agency, whereby the Secretary shall undertake to reimburse it, under such terms and conditions as the Secretary may establish, with respect to losses (resulting from the default of the student borrower) on the unpaid balance of the principal and accrued interest of any insured loan. The guaranty agency shall be deemed to have a contractual right against the United States, during the life of such loan, to receive reimbursement according to the provisions of this subsection. Upon receipt of an accurate and complete request by a guaranty agency for reimbursement with respect to such losses, the Secretary shall pay promptly and without administrative delay. Except as provided in subparagraph (B) of this paragraph and in paragraph (7), the amount to be paid a guaranty agency as reimbursement under this subsection shall be equal to 100 percent of the amount expended by it in discharge of its insurance obligation incurred under its loan insurance program. In no case shall a guaranty agency file a claim under this subsection for reimbursement with respect to losses prior to 270 days after the loan becomes delinquent with respect to any installment thereon.

"(B) Notwithstanding subparagraph (A)—

"(i) if, for any fiscal year, the amount of such reimbursement payments by the Secretary under this subsection exceeds 5 percent of the loans which are insured by such guaranty agency under such program and which were in repayment at the end of the preceding fiscal year, the amount to be paid as reimbursement under this subsection for such excess shall be equal to 90 percent of the amount of such excess; and

"(ii) if, for any fiscal year, the amount of such reimbursement payments, exceed 9 percent of such loans, the amount to be paid as reimbursement under this subsection for such excess shall be equal to 80 percent of the amount of such excess.

"(C) For purposes of this subsection, the amount of loans of a guaranty agency which are in repayment shall be the original principal amount of loans made by a lender which are insured by such a guaranty agency reduced by—

"(i) the amount the insurer has been required to pay to discharge its insurance obligations under this part;

"(ii) the original principal amount of loans insured by it which have been fully repaid; and

"(iii) the original principal amount insured on those loans for which payment of the first installment of principal has not become due pursuant to subsection (b)(1)(E) of this section or such first installment need not be paid pursuant to section 428(b)(1)(M).

"(2) CONTENTS OF GUARANTY AGREEMENTS.—The guaranty agreement—

"(A) shall set forth such administrative and fiscal procedures as may be necessary to protect the United States from the risk of unreasonable loss thereunder, to insure proper and efficient administration of the loan insurance program, and to assure that due diligence will be exercised in the collection of loans insured under the program, including a requirement that each beneficiary of insurance on the loan submit proof that reasonable attempts were made to locate the borrower (when the location of the borrower is unknown) and proof that contact was made with the borrower (when the location is known);

"(B) shall provide for making such reports, in such form and containing such information, as the Secretary may reasonably require to carry out functions under this subsection, and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports;

"(C) shall set forth adequate assurances that, with respect to so much of any loan insured under the loan insurance program as may be guaranteed by the Secretary pursuant to this subsection, the undertaking of the Secretary under the guaranty agreement is acceptable in full satisfaction of State law or regulation requiring the maintenance of a reserve;

"(D) shall provide that if, after the Secretary has made payment under the guaranty agreement pursuant to paragraph (1) of this subsection with respect to any loan, any payments are made in discharge of the obligation incurred by the borrower with respect to such loan (including any payments of interest accruing on such loan after such payment by the Secretary), there shall be paid over to the Secretary (for deposit in the fund established by section 431) such proportion of the amounts of such payments as is determined (in accordance with paragraph (6)) to represent his equitable share thereof, but (i) shall provide for subrogation of the United States to the rights of any insurance beneficiary only to the extent required for purposes of paragraph (8); and (ii) except as the Secretary may otherwise by or pursuant to regulation provide, amounts so paid by a borrower on such a loan shall be first applied in reduction of principal owing on such loan;

"(E) shall set forth adequate assurance that an amount equal to each payment made under paragraph (1) will be promptly deposited in or credited to the accounts maintained for purposes of section 422(c);

"(F) set forth adequate assurances that the guaranty agency will not engage in any pattern or practice which results in a denial of a borrower's access to loans under this part because of the borrower's race, sex, color, religion, national origin, age, handicapped status, income, attendance at a particular eligible institution within the area served by the guaranty agency, length of the borrow-

er's educational program, or the borrower's academic year in school; and

"(G) may include such other provisions as may be necessary to promote the purposes of this part.

"(3) FORBEARANCE.—To the extent provided in regulations of the Secretary, a guaranty agreement under this subsection may contain provisions which permit such forbearance for the benefit of the student borrower as may be agreed upon by the parties to an insured loan and approved by the insurer. Such regulations shall not preclude guaranty agencies from permitting the parties to such a loan from entering into a forbearance agreement solely because the loan is in default.

"(4) DEFINITIONS.—For purposes of this subsection, the terms 'insurance beneficiary' and 'default' have the meanings assigned to them by section 435.

"(5) APPLICABILITY TO EXISTING LOANS.—In the case of any guaranty agreement with a guaranty agency, the Secretary may, in accordance with the terms of this subsection, undertake to guarantee loans described in paragraph (1) which are insured by such guaranty agency and are outstanding on the date of execution of the guaranty agreement, but only with respect to defaults occurring after the execution of such guaranty agreement or, if later, after its effective date.

"(6) SECRETARY'S EQUITABLE SHARE.—(A) For the purpose of paragraph (2)(D), the Secretary's equitable share of payments made by the borrower shall be that portion of the payments remaining after the guaranty agency with which the Secretary has an agreement under this subsection has deducted from such payments—

"(i) a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the loan; and

"(ii) an amount equal to 30 percent of such payments for the administrative costs of collection of loans reimbursed under this subsection, the administrative costs of preclaims assistance for default prevention, the administrative costs of supplemental preclaims assistance for default prevention, and the administrative costs of monitoring the enrollment and repayment status of students (as such terms are defined in subparagraph (B) or (C) of this paragraph).

"(B) For the purpose of this paragraph, the term—

"(i) 'administrative costs of collection of loans' means any administrative costs incurred by a guaranty agency which are directly related to the collection of the loan on which a default claim has been paid to the participating lender, including the attributable compensation of collection personnel (and in the case of personnel who perform several functions for such an agency only the portion of the compensation attributable to the collection activity), attorney's fees, fees paid to collection agencies, postage, equipment, supplies, telephone and similar charges, but does not include the overhead costs of such agency whether or not attributable;

"(ii) 'administrative costs of preclaim assistance for default prevention' means any administrative costs incurred by a guaranty agency which are directly related to providing collection assistance to the lender on a delinquent loan, prior to the loan's being legally in a default status, including the attributable compensation of appropriate personnel (and in the case of personnel who perform several functions for such an agency only the portion of compensation attributable to the collection activity), fees paid to locate a missing borrower, postage, equipment, supplies, telephone and similar charges, but does not include the overhead costs of such agency whether or not attributable; and

"(iii) 'administrative costs of monitoring the enrollment and repayment status of students' means any administrative costs by a guaranty agency which are directly related to ascertaining the student's enrollment status, prompt notification to the lender of such status, an audit of the note or written agreement to determine if the provisions of that note or agreement are consistent with the records of the guaranty agency as to the principal amount of the loan guaranteed, and an examination of the note or agreement to assure that the repayment provisions are consistent with the provisions of this part,

subject to such additional criteria as the Secretary may by regulation prescribe.

"(C)(i) For purposes of this paragraph, 'administrative costs of supplemental preclaims assistance' means (subject to divisions (ii) through (iv)) any administrative costs—

"(I) incurred by a guaranty agency in connection with a loan on which the guarantor has exercised pre-claims assistance required or permitted under paragraph (2)(A) of this subsection and subsection (f), and which has been in delinquent status for at least 120 days; and

"(II) which are directly related to providing collection assistance to the lender on a delinquent loan, prior to a claim being filed with the guaranty agency,

including the attributable compensation of appropriate personnel (and in the case of personnel who perform several functions, only the portion of compensation attributable to the collection assistance), fees paid to locate a missing borrower, postage, equipment, supplies, telephone, and similar charges, but does not include overhead costs.

"(ii) The administrative costs for which reimbursement is authorized under this subparagraph must be clearly supplemental to the preclaim assistance for default prevention which the guaranty agency is required or permitted to provide pursuant to paragraph (2)(A) of this subsection and subsection (f).

"(iii) The services associated with carrying out this subparagraph may be provided by the guaranty agency directly or under contract, except that such services may not be carried out by an organization or entity (other than the guaranty agency)—

"(I) that is the holder or servicer of the loan or an organization or entity that owns or controls the holder or servicer of the loan; or

"(II) that is owned or controlled by the same corporation, partnership, association, or individual that owns or controls the holder or servicer of the loan.

"(iv) The costs for each delinquent loan associated with carrying out this subparagraph may not exceed 2 percent of the outstanding principal balance of each such loan subject to the supplemental preclaims assistance authorized by this subparagraph or $100, whichever is less.

"(7) NEW PROGRAMS ELIGIBLE FOR 100 PERCENT REINSURANCE.—(A) Notwithstanding paragraph (1)(B), the amount to be paid a guaranty agency for any fiscal year—

"(i) which begins on or after the effective date of this paragraph; and

"(ii) which is either the fiscal year in which such guaranty agency begins to actively carry on a student loan insurance program which is subject to a guaranty agreement under subsection (b) of this section, or is one of the four succeeding fiscal years,

shall be 100 percent of the amount expended by such guaranty agency in discharge of its insurance obligation insured under such program.

"(B) The Secretary shall continuously monitor the operations of those guaranty agencies to which the provisions of subparagraph (A) are applicable and revoke the application of such subparagraph to any such guaranty agency which the Secretary determines has not exercised reasonable prudence in the administration of such program.

"(8) ASSIGNMENT TO PROTECT FEDERAL FISCAL INTEREST.—If the Secretary determines that the protection of the Federal fiscal interest so requires, a guaranty agency shall assign to the Secretary any loan of which it is the holder and for which the Secretary has made a payment pursuant to paragraph (1) of this subsection.

"(9) REHABILITATION OF DEFAULTED LOANS.—(A) Upon securing consecutive payments for 6 months of amounts owed on a loan for which the Secretary has made a payment under paragraph (1) of this subsection, or upon a determination that a loan was in default due to clerical or data processing error and would not, in the absence of such error, be in a delinquent status, the guaranty agency (pursuant to an agreement with the Secretary) or the Secretary shall, if practicable, sell the rehabilitated loan to an eligible lender, other than an eligible lender who has been found by the guaranty agency or the Secretary to have substantially failed to exercise the due diligence required of lenders under this part. Such agreement between the guaranty agency and the Secretary shall provide—

"(i) for the repayment by the agency to the Secretary of 70 percent of the amount of the principal balance outstanding at the time of such sale multiplied by a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the loan; and

"(ii) for the reinstatement by the Secretary (I) of the obligation to reimburse such agency for the amount expended by it in discharge of its insurance obligation under its loan insurance program and (II) of the obligation to pay to the holder of the rehabilitated loan a special allowance pursuant to section 438.

"(B) Amounts received by the Secretary pursuant to the sale of rehabilitated loans by a guaranty agency under this paragraph shall be deducted from the calculations of the amount of reimbursement for which the agency is eligible under paragraph (1)(B) of this section for the fiscal year in which the amount was received, notwithstanding the fact that the default occurred in a prior fiscal year.

"(C) Any borrower whose loan is rehabilitated under subparagraph (A), and who makes scheduled repayments of the rehabilitated loan for a period of twelve months under subparagraph (A), shall not be precluded by section 484 from receiving additional loans under this title (for which he or she is otherwise eligible) on the basis of defaulting on the loan prior to rehabilitation.

"(D) A loan which is rehabilitated under this paragraph shall, so long as the borrower

continues to make scheduled repayments thereon, be subject to the same terms and conditions and qualify for the same benefits and privileges as other loans made under this part.

"(d) APPLICABILITY OF OTHER LAW.—

"(1) USURY LAWS INAPPLICABLE.—No provision of any law of the United States (other than sections 427(a)(2)(D), 427(b), and 427A of this Act) or of any State (other than a statute applicable principally to such State's student loan insurance program) which limits the rate or amount of interest payable on loans shall apply to a loan—

"(A) which bears interest (exclusive of any premium for insurance) on the unpaid principal balance at a rate not in excess of the rate specified in this part; and

"(B) which is insured (i) by the United States under this part, or (ii) by a guaranty agency under a program covered by an agreement made pursuant to subsection (b) of this section.

"(2) STATUTES OF LIMITATIONS.—Notwithstanding any provision of State law that would set an earlier deadline for filing suit—

"(A) a guaranty agency which has an agreement with the Secretary under subsection (c) may file suit for collection of the amount due from a borrower on a loan made under this part during a period of time extending at least until a date six years (exclusive of periods during which the State statute of limitations period otherwise applicable to the suit would be tolled under State law) after the date such guaranty agency reimburses the previous holder of the loan for its loss on account of the default of the borrower; and

"(B) subject to the provisions of section 2416 of title 28 of the United States Code, the Attorney General may file suit for collection of the amount due the Secretary from a borrower pursuant to subsections (c)(2)(D) and (c)(8) of this section until six years following the date on which the loan is assigned to the Secretary under this part.

"(3) DEFENSE OF INFANCY.—Notwithstanding any provision of State law to the contrary, in collecting any obligation arising from a loan made under this part, a guaranty agency or the Secretary shall not be subject to a defense raised by any borrower based on a claim of infancy.

"(e) PAYMENTS FOR LENDER REFERRAL SERVICES.—

"(1) IN GENERAL.—The Secretary shall make payments in accordance with this paragraph to a guaranty agency in any State which provides a lender referral service for students who meet the requirements of paragraph (2).

"(2) STUDENT ELIGIBILITY.—A student is eligible to apply for lender referral services to a guaranty agency in a State if—

"(A) such student is either a resident of such State or is accepted for enrollment in or is attending an eligible institution in such State; and

"(B) such student has sought and was unable to find a lender willing to make a loan under this part.

"(3) AMOUNT OF PAYMENT.—The amount which the Secretary shall pay to any eligible guaranty agency under this paragraph shall be equal to one-half of 1 percent of the total principal amount of the loans (upon which insurance was issued under this part) to a student described in paragraph (2) who subsequently obtained such loans because of such agency's referral service.

"(4) INCENTIVE FEES TO LENDERS.—Nothing in this or any law shall prohibit an agency from using all or a portion of the funds received under this part for the payment of incentive fees to lenders who agree to participate in a lender referral service.

"(5) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as are necessary to carry out the provisions of this paragraph.

"(f) PAYMENTS OF CERTAIN COSTS.—

"(1) PAYMENTS BASED ON INSURANCE PROGRAM AGREEMENT.—(A) The Secretary shall make payments in accordance with the provisions of this paragraph to any guaranty agency for the purposes of—

"(i) the administrative cost of promotion of commercial lender participation;

"(ii) the administrative costs of collection of loans;

"(iii) the administrative costs of preclaims assistance for default prevention;

"(iv) the administrative costs of monitoring the enrollment and repayment status of students; or

"(v) other such costs related to the student loan insurance program subject to such agreement.

"(B) The total amount of payments for any fiscal year made under this paragraph shall be equal to 1 percent of the total principal amount of the loans upon which insurance was issued under this part during such fiscal year by such guaranty agency. The guaranty agency shall be deemed to have a contractual right against the United States to receive payments according to the provisions of this subparagraph. Payments shall be made promptly and without administrative delay to any guaranty agency submitting an accurate and complete application therefor under this subparagraph.

"(2) APPLICATIONS FOR PAYMENTS.—No payment may be made under paragraph (1) of this subsection unless the guaranty agency submits to the Secretary an application at such time, at least annually, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require. Each such application shall—

"(A) set forth assurances that the student loan insurance program subject to the guaranty agreement complies with subparagraphs (A), (B), (G), (R), (S), (T), and (U) of subsection (b)(1);

"(B) contain provisions designed to demonstrate the capability of carrying out a necessary and successful program of collection of and preclaim assistance for the loan program subject to that agreement;

"(C) set forth an estimate of the costs which are eligible for payment under the provisions of this subsection;

"(D) provide for such administrative and fiscal procedures, including an audit, as are necessary to carry out the provisions of this subsection; and

"(E) set forth assurances that the guaranty agency will furnish such data and information, including where necessary estimates, as the Secretary may reasonably require to carry out the provisions of this subsection.

"(g) ACTION ON INSURANCE PROGRAM AND GUARANTY AGREEMENTS.—If a nonprofit private institution or organization—

"(1) applies to enter into an agreement with the Secretary under subsections (b) and (c) with respect to a student loan insurance program to be carried on in a State with which the Secretary does not have an agreement under subsection (b), and

"(2) as provided in the application, undertakes to meet the requirements of section 422(c)(6)(B) (i), (ii), and (iii),

the Secretary shall consider and act upon such application within 180 days, and shall forthwith notify the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives of his actions.

"(h) LENDING BY GUARANTY AGENCIES.—

"(1) LENDING FROM SALLIE MAE ADVANCES.—From sums advanced by the Association pursuant to section 439(p), each guaranty agency or an eligible lender in a State described in section 435(d)(1) (D) or (F) of the Act is authorized to make loans directly to students otherwise unable to obtain loans under this part.

"(2) AMOUNT OF ADVANCES.—(A) Each guaranty agency or an eligible lender in a State described in section 435(d)(1) (D) or (F) which has an application approved under section 439(p)(2) may receive advances under section 439(p) for each fiscal year in an amount necessary to meet the demand for loans under this section. The amount such agency or lender is eligible to receive may not exceed 25 percent of the average of the loans guaranteed by that agency or lender for the three years preceding the fiscal year for which the determination is made. Whenever the determination required by the preceding sentence cannot be made because the agency or lender does not have three years previous experience, the amount such agency or lender is eligible to receive may not exceed 25 percent of the loans guaranteed under a program of a State of comparable size.

"(B) Each guaranty agency and each eligible lender in a State described in section 435(d)(1) (D) or (F) shall repay advances made under section 439(p) in accordance with agreements entered into between the Association and such agency or lender.

"(3) LOAN TERM, CONDITIONS, AND BENEFITS.—Loans made pursuant to this subsection shall have the same terms, conditions, and benefits as all other loans made under this part.

"(i) MULTIPLE DISBURSEMENT OF LOANS.—

"(1) ESCROW ACCOUNTS ADMINISTERED BY GUARANTY AGENCY.—Any guaranty agency may enter into an agreement with any eligible lender (other than an eligible institution or an agency or instrumentality of the State) for the purpose of authorizing multiple disbursements of the proceeds of a loan under which the lender will pay the proceeds of such loans into an escrow account to be administered by the guaranty agency in accordance with the provisions of paragraph (2) of this subsection. Such agreement may allow that the lender make payments into the escrow account in amounts that do not exceed the sum of the amounts required for disbursement of initial or subsequent installments to borrowers and that the lender make such payments not more than 45 days prior to the date of the disbursement of such installment to such borrowers. Such agreement shall require the lender to notify promptly the eligible institution when funds are escrowed under this subsection for a student at such institution.

"(2) AUTHORITY OF GUARANTY AGENCY.—Each guaranty agency entering into an agreement under paragraph (1) of this subsection is authorized to—

"(A) make the disbursements in accordance with the note evidencing the loan;

"(B) commingle the proceeds of all loans paid to it pursuant to the escrow agreement entered into under such paragraph (1);

"(C) invest the proceeds of such loans in obligations of the Federal Government or obligations which are insured or guaranteed by the Federal Government;

"(D) retain interest or other earnings on such investment; and

"(E) return to the eligible lender undisbursed funds when the student ceases to carry at an eligible institution at least one-half of the normal full-time academic workload as determined by the institution.

"(j) LENDERS-OF-LAST-RESORT.—In each State, the guaranty agency or an eligible lender in the State described in section 435(d)(1)(D) of the Act (1) shall make loans directly, or through an agreement with an eligible lender or lenders, to students eligible to receive interest benefits paid on their behalf under subsection (a) of this section who are otherwise unable to obtain loans under this part, and (2) shall purchase any loan which is rehabilitated pursuant to subsection (c)(9) if the purchase of such loan has been rejected by two or more other eligible lenders. Loans made under this subsection shall not exceed the amount of the need of the borrower, as determined under subsection (a)(2)(B), nor be less than $200.

"SEC 428A. COMMINGLING OF FUNDS.

"Notwithstanding any other provision of this part, funds received by a guaranty agency under any provision of this part may be commingled with funds received under any other provision of this part and may be used to carry out the purposes of such other provision, except that—

"(1) the total amount expended for the purposes of such other provision shall not exceed the amount the guaranty agency would otherwise be authorized to expend; and

"(2) the authority to commingle such funds shall not relieve such agency of any accounting or auditing obligations under this part.

"SEC. 428B. SUPPLEMENTAL LOANS FOR STUDENTS.

"(a) AUTHORITY TO BORROW.—Students shall be eligible to borrow funds under this section in amounts specified in subsection (b), and unless otherwise specified in subsections (c) and (d), loans under this section shall have the same terms, conditions, and benefits as all other loans made under this part.

"(b) LIMITATIONS ON AMOUNTS OF LOANS.—

(1) ANNUAL LIMIT.—Subject to paragraphs (2) and (3), the maximum amount a student may borrow in any academic year or its equivalent (as defined by regulation by the Secretary) is $4,000.

"(2) AGGREGATE LIMIT.—The aggregate insured principal amount for insured loans made to any student under this section shall not exceed $20,000.

"(3) LIMITATION BASED ON NEED.—Any loan under this section may be counted as part of the expected family contribution in the determination of need under this title, but no loans may be made to any student under this section which would cause his or her combined loans for any academic year to exceed the student's estimated cost of attendance minus such student's estimated financial assistance as certified by the eligible institution under section 428(a)(2)(A) of this part. The annual insurable limit on account of the student shall not be deemed to be exceeded by a line of credit under which actual payments to the borrower will not be made in any year in excess of the annual limit.

"(c) INTEREST RATES AND SUBSIDIES.—

"(1) CAPITALIZATION OF INTEREST.—Interest on loans made under this section shall, at the option of the lender (A) be paid quarterly or (B) be added to the principal amount of the loan on a quarterly basis by the lender. Such capitalization of interest shall not be deemed to exceed the annual insurable limit on account of the student.

"(2) SUBSIDIES PROHIBITED.—No payments to reduce interest costs shall be paid pursuant to section 428(a) of this part on loans made pursuant to this section.

"(3) APPLICABLE RATES OF INTEREST.—Interest on loans made pursuant to this section shall be at the rate provided in section 427A(c).

"(d) REFINANCING.—Notwithstanding the annual insurable limit on account of the student, an eligible lender may provide for the consolidation of loans made under this section, including loans made under section 428B as in effect prior to the enactment of this Act, under a single repayment schedule, and shall calculate the repayment period for each included loan from the date of the commencement of repayment of the most recent included loan.

"SEC. 428C. LOANS FOR PARENTS.

"(a) AUTHORITY TO BORROW.—Parents of a student shall be eligible to borrow funds under this section in amounts specified in subsection (b), and unless otherwise specified in subsections (c) and (d), such loans shall have the same terms, conditions, and benefits as all other loans made under this part. Whenever necessary to carry out the provisions of this section, the term 'student' and 'borrower' used in this part shall include a parent borrower under this section, but such a parent borrower shall not be eligible for any deferment pursuant to section 427(a)(2)(C) or 428(b)(1)(M) except for the deferments allowed under clauses (viii) and (x) of such sections.

"(b) LIMITATIONS ON AMOUNTS OF LOANS.—

"(1) ANNUAL LIMIT.—Subject to paragraphs (2) and (3), the maximum amount parents may borrow for one student in any academic year or its equivalent (as defined by regulation of the Secretary) is $4,000.

"(2) AGGREGATE LIMIT.—The aggregate insured principal amount for insured loans made to parents on account of a student shall not exceed $20,000.

"(3) LIMITATION BASED ON NEED.—Any loan under this section may be counted as part of the expected family contribution in the determination of need under this title, but no loan may be made to any parent under this section which would cause the combined loans of the parent and the student for any academic year to exceed the student's estimated cost of attendance minus such student's estimated financial assistance as certified by the eligible institution under section 428(a)(2)(A) of this part. The annual insurable limit on account of any student shall not be deemed to be exceeded by a line of credit under which actual payments to the borrower will not be made in any year in excess of the annual limit.

"(c) PAYMENT OF PRINCIPAL AND INTEREST.—

"(1) COMMENCEMENT OF REPAYMENT.—Repayment of principal on loans made under this section shall commence not later than 90 days after the date such loan is disbursed by a lender.

"(2) SUBSIDIES PROHIBITED.—No payments to reduce interest costs shall be paid pursuant to section 428(a) of this part on loans made pursuant to this section.

"(3) APPLICABLE RATES OF INTEREST.—Interest on loans made pursuant to this section shall be at the rate provided in section 427A(c).

"(d) REFINANCING.—Notwithstanding the annual insurable limit on account of the parent, an eligible lender, may provide for the consolidation of loans made under this section, including loans made under section 428B as in effect prior to the enactment of Higher Education Amendments of 1985, under a single repayment schedule, and shall calculate the repayment period for each included loan from the date of the commencement of repayment of the most recent included loan.

"SEC. 428D. CONSOLIDATION LOANS.

"(a) AGREEMENTS WITH ELIGIBLE LENDERS.—

"(1) AGREEMENT REQUIRED FOR INSURANCE COVERAGE.—For the purpose of providing loans to eligible borrowers for consolidation of their obligations with respect to student loans made, insured, or guaranteed under this part or made under part E of this title, the Secretary or a guaranty agency shall enter into agreements in accordance with subsection (b) with the following eligible lenders:

"(A) the Student Loan Marketing Association;

"(B) State agencies described in subparagraph (F) of section 435(d)(1); and

"(C) other eligible lenders described in subparagraphs (A) through (E) of such section.

"(2) INSURANCE COVERAGE OF CONSOLIDATIONS LOANS.—Except as provided in sections 429(e) and 439(o), no contract of insurance under this part shall apply to a consolidation loan unless such loan is made under an agreement pursuant to this section and is covered by a certificate issued in accordance with subsection (b)(2). Loans covered by such a certificate that is issued by a guaranty agency shall be considered to be insured loans for the purposes of reimbursements under section 428(c), but no payment shall be made with respect to such loans under section 428(f) to any such agency.

"(3) DEFINITION OF ELIGIBLE BORROWER.—(A) For the purpose of this section, the term 'eligible borrower' means a borrower who, at the time of application for a consolidation loan—

"(i) has an outstanding indebtedness of not less than $7,500;

"(ii) is in repayment status, or in a grace period preceding repayment, and is not delinquent with respect to any required payment on such indebtedness by more than 60 days; and

"(iii) is not a parent borrower under section 428C.

"(B) An individual's status as an eligible borrower under this section terminates upon receipt of a consolidation loan under this section except with respect to loans received under this title after the date of receipt of the consolidation loan. Loans made under this section shall, to the extent used to discharge loans made under this part, be counted against the applicable limitations on aggregate indebtedness contained in sections 425(a)(2) and 428(b)(1)(B).

"(b) CONTENTS OF AGREEMENTS, CERTIFICATES OF INSURANCE, AND LOAN NOTES.—

"(1) AGREEMENTS WITH LENDERS.—Any lender described in subparagraph (A), (B), or (C) of subsection (a)(1) who wishes to make consolidation loans under this section shall enter into an agreement with the Secretary or a guaranty agency which provides—

"(A) that, in the case of all lenders described in subsection (a)(1), the lender will make a consolidation loan to an eligible borrower (on request of that borrower) only if (I) the lender holds an outstanding loan of that borrower which is selected by the borrower for consolidation under this section, or (II) the borrower certifies that the borrower has sought and has been unable to obtain a consolidation loan from the holders

of the outstanding loans of that borrower (which are so selected for consolidation);

"(B) that each consolidation loan made by the lender will bear interest, and be subject to repayment, in accordance with subsection (c);

"(C) that each consolidation loan will be made, notwithstanding any other provision of this part limiting the maximum principal amount for all insured loans made to a borrower, in an amount (i) which is not less than the minimum amount required for eligibility of the borrower under subsection (a)(2), and (ii) which is equal to the sum of the unpaid principal and accrued unpaid interest and late charges of all loans received by the eligible borrower under this title which are selected by the borrower for consolidation;

"(D) that the proceeds of each consolidation loan will be paid by the lender to the holder or holders of the loans so selected to discharge the liability on such loans;

"(E) that the lender will make a reasonable effort to notify each borrower who has received a loan or loans under this title which are held by the lender of the availability and terms of consolidation loans under this section; and

"(F) such other terms and conditions as the Secretary or the guaranty agency may specifically require of the lender to carry out this section.

"(2) ISSUANCE OF CERTIFICATE OF COMPREHENSIVE INSURANCE COVERAGE.—The Secretary shall issue a certificate of comprehensive insurance coverage under section 429(b) to a lender which has entered into an agreement with the Secretary under paragraph (1) of this subsection. The guaranty agency shall issue certificates of insurance to a lender with which it has an agreement under such paragraph. The Secretary shall not issue a certificate to a lender described in subsection (a)(1)(B) if the Secretary determines that such lender has reasonable access in its State, for the purpose of obtaining such a certificate, to a guaranty agency.

"(3) CONTENTS OF CERTIFICATE.—A certificate issued under paragraph (2) shall, at a minimum, provide—

"(A) that all consolidation loans made by such lender in conformity with the requirements of this section will be insured by the Secretary or the guaranty agency (whichever is applicable) against loss of principal and interest;

"(B) that a consolidation loan will not be insured unless the lender has obtained from the holder or holders of each loan being consolidated a certificate—

"(i) that the loan is a legal, valid, and binding obligation of the borrower;

"(ii) that each loan was made and serviced in compliance with applicable laws and regulations; and

"(iii) in the case of loans under this part, that the insurance on such loan is in full force and effect;

"(C) the effective date and expiration date of the certificate;

"(D) the aggregate amount to which the certificate applies;

"(E) the reporting requirements of the Secretary on the lender and an identification of the office of the Department of Education or of the guarantee agency which will process claims and perform other related administrative functions;

"(F) the alternative repayment terms which will be offered to borrowers by the lender;

"(G) that, if the lender prior to the expiration of the certificate no longer proposes to make consolidation loans, the lender will so notify the Secretary in order that the certificate may be terminated (without affecting the insurance on any consolidation loan made prior to such termination); and

"(H) the terms upon which the Secretary may limit, suspend, or terminate the lender's authority to make consolidation loans under the certificate (without affecting the insurance on any consolidation loan made prior to such limitation, suspension, or termination).

"(4) TERMS AND CONDITIONS OF LOANS.—A consolidation loan made pursuant to this section shall be insurable by the Secretary or a guaranty agency pursuant to paragraph (2) only if the loan is made to an eligible borrower who has agreed to notify the holder of the loan promptly concerning any change of address and the loan is evidenced by a note or other written agreement which—

"(A) is made without security and without endorsement, except that if the borrower is a minor and such note or other written agreement executed by him or her would not, under applicable law, create a binding obligation, endorsement may be required;

"(B) provides for the payment of interest and the repayment of principal in accordance with subsection (c) of this section;

"(C) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period for which the borrower would be eligible for a deferral under section 427(a)(2)(C) or 428(b)(1)(M), and that any such period shall not be included in determining the repayment period pursuant to subsection (c)(2) of this section;

"(D) entitles the borrower to accelerate without penalty repayment of the whole or any part of the loan; and

"(E)(i) contains a notice of the system of disclosure concerning such loan to credit bureau organizations under section 430A, and (ii) provides that the lender on request of the borrower will provide information on the repayment status of the note to such organizations.

"(c) PAYMENT OF PRINCIPAL AND INTEREST.—

"(1) INTEREST RATES.—(A) Consolidation loans made under this section shall bear interest at rates determined under subparagraph (B) or (C). For the purposes of payment of special allowances under section 438(b)(2), the interest rate required by this subsection is the applicable interest rate with respect to a consolidation loan.

"(B) Except as provided in subparagraph (C), a consolidation loan shall bear interest at an annual rate on the unpaid principal balance of the loan equal to—

"(i) 8 percent during the period beginning on the date of disbursement of the loan and ending four years after the commencement of repayment;

"(ii) 9 percent during the 5th through 7th years after such commencement of repayment;

"(iii) 10 percent during the 8th through 10th years after such commencement of repayment; and

"(iv) 12 percent during the 11th through 25th years after such commencement of repayment.

"(C) A consolidation loan shall bear interest at an annual rate on the unpaid principal balance of the loan which is not less than the weighted average of the interest rates on the loans consolidated, rounded to the nearest whole percent.

"(2) REPAYMENT SCHEDULES.—Notwithstanding any other provision of this part, to the extent authorized by its certificate of insurance under subsection (b)(2)(F) and approved by the issuer of such certificate, the lender of a consolidation loan shall establish repayment terms as will promote the objectives of this section, including the establishment of graduated, income sensitive repayment schedules. However, a consolidation loan shall be repaid as follows:

"(A) In the case of a consolidation loan which is less than $15,000, such loan shall be repaid in not more than 15 years.

"(B) In the case of a consolidation loan which equals or exceeds $15,000, but is less than $35,000, or if the sum of the consolidation loan and the amount outstanding on other student loans to the same individual equals or exceeds $15,000, but is less than $35,000, such loan shall be repaid in not more than 20 years.

"(C) In the case of a consolidation loan which equals or exceeds $35,000, or if the sum of the consolidation loan and the amount outstanding on other student loans to the same individual equals or exceeds $35,000, such loan shall be repaid in not more than 25 years.

"(3) COMMENCEMENT OF REPAYMENT.—Repayment of a consolidation loan shall commence within 60 days after all holders have, pursuant to subsection (b)(1)(D), discharged the liability of the borrower on the loans selected for consolidation.

"(4) INSURANCE PREMIUMS PROHIBITED.—No insurance premium shall be charged to the borrower on any consolidation loan, and no insurance premium shall be payable by the lender to the Secretary with respect to any such loan.

"(d) TERMINATION OF AUTHORITY.— The authority to make loans under this section expires at the close of September 30, 1992. Loans made under this section shall be considered to be new loans made to students for purposes of section 424(a).

"SEC. 429. CERTIFICATE OF FEDERAL LOAN INSURANCE—EFFECTIVE DATE OF INSURANCE.

"(a) LOAN-BY-LOAN INSURANCE.—

"(1) AUTHORITY TO ISSUE CERTFICATES ON APPLICATION.—If, upon application by an eligible lender, made upon such form, containing such information, and supported by such evidence as the Secretary may require, and otherwise in conformity with this section, the Secretary finds that the applicant has made a loan to an eligible student which is insurable under the provisions of this part, he may issue to the applicant a certificate of insurance covering the loan and setting forth the amount and terms of the insurance.

"(2) EFFECTIVENESS OF CERTIFICATE.—Insurance evidenced by a certificate of insurance pursuant to subsection (a)(1) shall become effective upon the date of issuance of the certificate, except that the Secretary is authorized, in accordance with regulations, to issue commitments with respect to proposed loans, or with respect to lines (or proposed lines) of credit, submitted by eligible lenders, and in that event, upon compliance with subsection (a)(1) by the lender, the certificate of insurance may be issued effective as of the date when any loan, or any payment by the lender pursuant to a line of credit, to be covered by such insurance was made. Such insurance shall cease to be effective upon sixty days' default by the lender in the payment of any installment of the premiums payable pursuant to subsection (c).

"(3) CONTENTS OF APPLICATIONS.—An application submitted pursuant to subsection (a)(1) shall contain (A) an agreement by the applicant to pay, in accordance with regula-

tions, the premiums fixed by the Secretary pursuant to subsection (c), and (B) an agreement by the applicant that if the loan is covered by insurance the applicant will submit such supplementary reports and statement during the effective period of the loan agreement, upon such forms, at such times, and containing such information as the Secretary may prescribe by or pursuant to regulation.

"(b) COMPREHENSIVE INSURANCE COVERAGE CERTIFICATE.—

"(1) ESTABLISHMENT OF SYSTEM BY REGULATION.—In lieu of requiring a separate insurance application and issuing a separate certificate of insurance for each student loan made by an eligible lender as provided in subsection (a), the Secretary may, in accordance with regulations consistent with section 424, issue to any eligible lender applying therefor a certificate of comprehensive insurance coverage which shall, without further action by the Secretary, insure all insurable loans made by that lender, on or after the date of the certificate and before a specified cutoff date, within the limits of an aggregate maximum amount stated in the certificate. Such regulations may provide for conditioning such insurance, with respect to any loan, upon compliance by the lender with such requirements (to be stated or incorporated by reference in the certificate) as in the Secretary's judgment will best achieve the purpose of this subsection while protecting the financial interest of the United States and promoting the objectives of this part, including (but not limited to) provisions as to the reporting of such loans and information relevant thereto to the Secretary and as to the payment of initial and other premiums and the effect of default therein, and including provision for confirmation by the Secretary from time to time (through endorsement of the certificate) of the coverage of specific new loans by such certificate, which confirmation shall be incontestable by the Secretary in the absence of fraud or misrepresentation of fact or patent error.

"(2) UNCOVERED LOANS.—If the holder of a certificate of comprehensive insurance coverage issued under this subsection grants to a student a line of credit extending beyond the cutoff date specified in that certificate, loans or payments thereon made by the holder after that date pursuant to the line of credit shall not be deemed to be included in the coverage of that certificate except as may be specifically provided therein; but, subject to the limitations of section 424, the Secretary may, in accordance with regulations, make commitments to insure such future loans or payments, and such commitments may be honored either as provided in subsection (a) or by inclusion of such insurance on comprehensive coverage under the subsection for the period or periods in which such future loans or payments are made.

"(c) CHARGES FOR FEDERAL INSURANCE.—The Secretary shall, pursuant to regulations, charge for insurance on each loan under this part a premium in an amount not to exceed one-fourth of 1 percent per year of the unpaid principal amount of such loan (excluding interest added to principal), payable in advance, at such times and in such manner as may be prescribed by the Secretary. Such regulations may provide that such premium shall not be payable, or if paid shall be refundable, with respect to any period after default in the payment of principal or interest or after the borrower has died or becomes totally and permanently disabled, if (1) notice of such default or other event has been duly given, and (2) requests for payment of the loss insured against has been made or the Secretary has made such payment on his own motion pursuant to section 430(a).

"(d) ASSIGNABILITY OF INSURANCE.—The rights of an eligible lender arising under insurance evidenced by a certificate of insurance issued to it under this section may be assigned as security by such lender only to another eligible lender, and subject to regulation by the Secretary.

"(e) CONSOLIDATION NOT TO AFFECT INSURANCE.—The consolidation of the obligations of two or more federally insured loans obtained by a student borrower in any fiscal year into a single obligation evidenced by a single instrument of indebtedness shall not affect the insurance by the United States. If the loans thus consolidated are covered by separate certificates of insurance issued under subsection (a), the Secretary may upon surrender of the original certificates issue a new certificate of insurance in accordance with that subsection upon the consolidated obligation; if they are covered by a single comprehensive certificate issued under subsection (b), the Secretary may amend that certificate accordingly.

"SEC. 430. DEFAULT OF STUDENT UNDER FEDERAL LOAN INSURANCE PROGRAM.

"(a) NOTICE TO SECRETARY AND PAYMENT OF LOSS.—Upon default by the student borrower on any loan covered by Federal loan insurance pursuant to this part, and prior to the commencement of suit or other enforcement proceedings upon security for that loan, the insurance beneficiary shall promptly notify the Secretary, and the Secretary shall if requested (at that time or after further collection efforts) by the beneficiary, or may on the Secretary's own motion, if the insurance is still in effect, pay to the beneficiary the amount of the loss sustained by the insured upon that loan as soon as that amount had been determined. The 'amount of the loss' on any loan shall, for the purposes of this subsection and subsection (b), be deemed to be an amount equal to the unpaid balance of the principal amount and accrued interest, including interest accruing from the date of submission of a valid default claim (as determined by the Secretary) to the date on which payment is authorized by the Secretary, reduced to the extent required by section 425(b). Such beneficiary shall be required to meet the standards of due diligence in the collection of the loan and shall be required to submit proof that reasonable attempts were made to locate the borrower (when the location of the borrower is unknown) and proof that contact was made with the borrower (when the location is known). The Secretary shall make the determination required to carry out the provisions of this section not later than ninety days after the notification by the insurance beneficiary and shall make payment in full on the amount of the beneficiary's loss pending completion of the due diligence investigation.

"(b) EFFECT OF PAYMENT OF LOSS.—Upon payment of the amount of the loss pursuant to subsection (a), the United States shall be subrogated for all of the rights of the holder of the obligation upon the insured loan and shall be entitled to an assignment of the note or other evidence of the insured loan by the insurance beneficiary. If the net recovery made by the Secretary on a loan after deduction of the cost of that recovery (including reasonable administrative costs and collection costs, to the extent set forth in regulations issued by the Secretary) exceeds the amount of the loss, the excess shall be paid over to the insured. The Secretary may, in attempting to make recovery on such loans, contract with private business concerns, State student loan insurance agencies, or State guaranty agencies, for payment for services rendered by such concerns or agencies in assisting the Secretary in making such recovery. Any contract under this subsection entered into by the Secretary shall provide that attempts to make recovery on such loans shall be fair and reasonable, and do not involve harassment, intimidation, false or misleading representations, or unnecessary communications concerning the existence of any such loan to persons other than the student borrower.

"(c) FORBEARANCE NOT PRECLUDED.—Nothing in this section or in this part shall be construed to preclude any forbearance for the benefit of the student borrower which may be agreed upon by the parties to the insured loan and approved by the Secretary, or to preclude forbearance by the Secretary in the enforcement of the insured obligation after payment on that insurance. Any forbearance which is approved by the Secretary under this subsection with respect to the repayment of a loan, including a forbearance during default, shall not be considered as indicating that a holder of a federally insured loan has failed to exercise reasonable care and due diligence in the collection of the loan.

"(d) CARE AND DILIGENCE REQUIRED OF HOLDERS.—Nothing in this section or in this part shall be construed to excuse the holder of a federally insured loan from exercising reasonable care and diligence in the making and collection of loans under the provisions of this part. If the Secretary, after a reasonable notice and opportunity for hearing to an eligible lender, finds that it has substantially failed to exercise such care and diligence or to make the reports and statements required under section 428(a)(4) and section 429(a)(3), or to pay the required Federal loan insurance premiums, the Secretary shall disqualify that lender for further Federal insurance on loans granted pursuant to this part until the Secretary is satisfied that its failure has ceased and finds that there is reasonable assurance that the lender will in the future exercise necessary care and diligence or comply with such requirements, as the case may be.

"SEC. 430A. REPORTS TO CREDIT BUREAUS AND INSTITUTIONS OF HIGHER EDUCATION.

"(a) AGREEMENTS TO EXCHANGE INFORMATION.—For the purpose of promoting responsible repayment of loans covered by Federal loan insurance pursuant to this part or covered by a guaranty agreement pursuant to section 428, the Secretary, and each guaranty agency having a guaranty agreement with the Secretary under section 428, shall enter into agreements with credit bureau organizations to exchange information concerning student borrowers, in accordance with the requirements of this section. For the purpose of assisting such organizations in complying with the Fair Credit Reporting Act, such agreements may provide for timely response by the Secretary, concerning loans covered by Federal loan insurance, or by a guaranty agency, concerning loans covered by a guaranty agreement, to requests from such organizations for responses to objections raised by borrowers. Subject to the requirements of subsection (c), such agreements shall require the Secretary or the guaranty agency, as appropriate, to disclose

to such organizations, with respect to any loan under this part—

"(1) the date of disbursement and the amount of the loan;

"(2) information concerning the date of any default on the loan and the collection of the loan, including information concerning the repayment status of any defaulted loan on which the Secretary has made a payment pursuant to section 430(a) or the guaranty agency has made a payment to the previous holder of the loan; and

"(3) the date of cancellation of the note upon completion of repayment by the borrower of the loan or payment by the Secretary pursuant to section 437.

"(b) ADDITIONAL INFORMATION.—Such agreements may also provide for the disclosure by such organizations to the Secretary or a guaranty agency, whichever insures or guarantees a loan, upon receipt of a notice under subsection (a)(2) that such a loan is in default, of information concerning the borrower's location or other information which may assist the Secretary, the guaranty agency, the eligible lender, or the subsequent holder in collecting the loan.

"(c) CONTENTS OF AGREEMENTS.—Agreements entered into pursuant to this section shall contain such provisions as may be necessary to ensure that—

"(1) no information is disclosed by the Secretary or the guaranty agency unless its accuracy and completeness have been verified and the Secretary or the guaranty agency has determined that disclosure would accomplish the purposes of this section;

"(2) as to any information so disclosed, such organizations will be promptly notified of, and will promptly record, any change submitted by the Secretary or the guaranty agency with respect to such information, or any objections by the borrower with respect to any such information, as required by section 611 of the Fair Credit Reporting Act (15 U.S.C. 1681i);

"(3) no use will be made of any such information which would result in the use of collection practices with respect to such a borrower that are not fair and reasonable or that involve harassment, intimidation, false or misleading representations, or unnecessary communication concerning the existence of such loan or concerning any such information; and

"(4) with regard to notices of default under subsection (a)(2) of this section, except for disclosures made to obtain the borrower's location, the Secretary, or the guaranty agency, whichever is applicable (A) shall not disclose any such information until the borrower has been notified that such information will be disclosed to credit bureau organizations unless the borrower enters into repayment of his or her loan, but (B) shall, if the borrower has not entered into repayment within a reasonable period of time, but not less than thirty days, from the date such notice has been sent to the borrower, disclose the information required by this subsection.

"(d) CONTRACTOR STATUS OF PARTICIPANTS.—A guaranty agency or credit bureau organization which discloses or receives information under this section shall not be considered a Government contractor within the meaning of section 552a of title 5, United States Code.

"(e) DISCLOSURE TO INSTITUTIONS.—The Secretary and each guaranty agency, eligible lender, and subsequent holder of a loan are authorized to disclose information described in subsections (a) and (b) concerning student borrowers to the eligible institutions such borrowers attend or previously attended.

"(f) DURATION OF AUTHORITY.—Notwithstanding paragraphs (4) and (6) of subsection (a) of section 605 of the Fair Credit Reporting Act (15 U.S.C. 1681c(a)(4), (a)(6)), a consumer reporting agency may make a report containing information received from the Secretary or a guaranty agency, eligible lender, or subsequent holder regarding the status of a borrower's defaulted account on a loan guaranteed under this part until—

"(1) seven years from the date on which the Secretary or the agency paid a claim to the holder on the guaranty, or

"(2) with regard to an account on a loan on which the Secretary or the guaranty agency has paid a claim but not reported the account to a consumer reporting agency on or before October 1, 1985, seven years from that date.

"SEC. 431. INSURANCE FUND.

"(a) ESTABLISHMENT.—There is hereby established a student loan insurance fund (hereinafter in this section called the 'fund') which shall be available without fiscal year limitation to the Secretary for making payments in connection with the default of loans insured by the Secretary under this part, or in connection with payments under a guaranty agreement under section 428(c). All amounts received by the Secretary as premium charges for insurance and as receipts, earnings, or proceeds derived from any claim or other assets acquired by the Secretary in connection with operations under this part, any excess advances under section 422(c)(4)(C), and any other moneys, property, or assets derived by the Secretary from operations in connection with this section, shall be deposited in the fund. All payments in connection with the default of loans insured by the Secretary under this part, or in connection with such guaranty agreements shall be paid from the fund. Moneys in the fund not needed for current operations under this section may be invested in bonds or other obligations guaranteed as to principal and interest by the United States.

"(b) BORROWING AUTHORITY.—If at any time the moneys in the fund are insufficient to make payments in connection with the default of any loan insured by the Secretary under this part, or in connection with any guaranty agreement made under section 428(c), the Secretary is authorized, to the extent provided in advance by appropriations Acts, to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. Sums borrowed under the subsection shall be deposited in the fund and redemption of such notes and obligations shall be made by the Secretary from such fund.

"SEC. 432. LEGAL POWERS AND RESPONSIBILITIES.

"(a) GENERAL POWERS.—In the performance of, and with respect to, the functions, powers, and duties, vested in him by this part, the Secretary may—

"(1) prescribe such regulations as may be necessary to carry out the purposes of this part;

"(2) sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this part without regard to the amount in controversy, and action instituted under this subsection by or against the Secretary shall survive notwithstanding any change in the person occupying the office of Secretary or any vacancy in that office; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or property under the Secretary's control and nothing herein shall be construed to except litigation arising out of activities under this part from the application of sections 509, 517, 547, and 2679 of title 28 of the United States Code;

"(3) include in any contract for Federal loan insurance such terms, conditions, and covenants relating to repayment of principal and payment of interest, relating to the Secretary's obligations and rights to those of eligible lenders, and borrowers in case of default, and relating to such other matters as the Secretary determines to be necessary to assure that the purposes of this part will be achieved; and any term, condition, and covenant made pursuant to this paragraph or any other provisions of this part may be modified by the Secretary if the Secretary determines that modification is necessary to protect the financial interest of the United States;

"(4) subject to the specific limitations in this part, consent to modification, with respect to rate of interest, time of payment of any installment of principal and interest or any portion thereof, or any other provision of any note or other instrument evidencing a loan which has been insured by the Secretary under this part;

"(5) enforce, pay, or compromise, any claim on, or arising because of, any such insurance or any guaranty agreement under section 428(c); and

"(6) enforce, pay, compromise, waive, or release any right, title, claim, lien, or demand, however acquired, including any equity or any right of redemption.

"(b) FINANCIAL OPERATIONS RESPONSIBILITIES.—The Secretary shall, with respect to the financial operations arising by reason of this part—

"(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by chapter 91 of title 31, United States Code; and

"(2) maintain with respect to insurance under this part an integral set of accounts and prepare financial statements in accordance with generally accepted accounting principles, which shall be audited annually by the General Accounting Office in conformity with generally accepted government

auditing standards except that the transactions of the Secretary, including the settlement of insurance claims and of claims for payments pursuant to section 428, and transactions related thereto and vouchers approved by the Secretary in connection with such transactions, shall be final and conclusive upon all accounting and other officers of the Government.

"(c) DATA COLLECTION.—

"(1) COLLECTION BY CATEGORY OF LOAN.—(A) For loans insured after December 31, 1976, or in the case of each insurer after such earlier date where the data required by this subsection are available, the Secretary and all other insurers under this part shall collect and accumulate all data relating to (i) loan volume insured and (ii) defaults reimbursed or default rates according to the categories of loans listed in subparagraph (B) of this paragraph.

"(B) The data indicated in subparagraph (A) of this paragraph shall be accumulated according to the category of lender making the loan and shall be accumulated separately for lenders who are (i) eligible institutions, (ii) State or private, nonprofit direct lenders, (iii) commercial financial institutions who are banks, savings and loan associations, or credit unions, and (iv) all other types of institutions or agencies.

"(C) The Secretary may designate such additional subcategories within the categories specified in subparagraph (B) as the Secretary deems appropriate.

"(D) The category or designation of a loan shall not be changed for any reason, including its purchase or acquisition by a lender of another category.

"(2) COLLECTION AND REPORTING REQUIREMENTS.—(A) The Secretary shall collect data under this subsection from all insurers under this part and shall publish not less often than once every fiscal year a report showing loan volume guaranteed and default data for each category specified in subparagraph (B) of paragraph (1) of this subsection and for the total of all lenders.

"(B) The reports specified in subparagraph (A) of this paragraph shall include a separate report for each insurer under this part including the Secretary, and where an insurer insures loans for lenders in more than one State, such insurer's report shall list all data separately for each State.

"(3) INSTITUTIONAL, PUBLIC, OR NONPROFIT LENDERS.—For purposes of clarity in communications, the Secretary shall separately identify loans made by the lenders referred to in clause (i) and loans made by the lenders referred to in clause (ii) of paragraph (1)(B) of this subsection.

"(d) DELEGATION.—

"(1) REGIONAL OFFICES.—The functions of the Secretary under this part listed in paragraph (2) of this subsection may be delegated to employees in the regional office of the Office of Education established pursuant to section 403(c)(2) of the General Education Provisions Act.

"(2) DELEGABLE FUNCTIONS.—The functions which may be delegated pursuant to this subsection are—

"(A) reviewing applications for loan insurance under section 429 and issuing contracts for Federal loan insurance, certificates of insurance, and certificates of comprehensive insurance coverage to eligible lenders which are financial or credit institutions subject to examination and supervision by an agency of the United States or of any State;

"(B) receiving claims for payments under section 430(a), examining those claims, and pursuant to regulations of the Secretary, approving claims for payment, or requiring lenders to take additional collection action as a condition for payment of claims; and

"(C) certifying to the central office when collection of defaulted loans has been completed, compromising or agreeing to the modification of any Federal claim against a borrower (pursuant to regulations of the Secretary issued under section 432(a)), and recommending litigation with respect to any such claim.

"(e) USE OF INFORMATION ON BORROWERS.—Notwithstanding any other provision of law, the Secretary may provide to eligible lenders, and to any guaranty agency having a guaranty agreement under section 428(c)(1), any information with respect to the names and addresses of borrowers or other relevant information which is available to the Secretary, from whatever source such information may be derived.

"(f) AUDIT OF FINANCIAL TRANSACTIONS.—

"(1) COMPTROLLER GENERAL AND INSPECTOR GENERAL AUTHORITY.—The Comptroller General and the Inspector General of the Department of Education shall each have the authority to conduct an audit of the financial transactions of—

"(A) any guaranty agency operating under an agreement with the Secretary pursuant to section 428(b);

"(B) any eligible lender as defined in section 435(d)(1)(D), (F), or (H); and

"(C) any authority required to file a plan for doing business under section 438(c).

"(2) ACCESS TO RECORDS.—For the purpose of carrying out this subsection, the records of any entity described in subparagraphs (A), (B), or (C) of paragraph (1) shall be available to the Comptroller General and the Inspector General of the Department of Education. For the purposes of section 716(c) of title 31, United States Code, such records shall be considered to be records to which the Comptroller General has access by law, and for purposes of section 6(a)(4) of the Inspector General Act of 1978, such records shall be considered to be records necessary in the performance of functions assigned by that Act to the Inspector General.

"(3) DEFINITION OF RECORDS.—For the purposes of this subsection, the term 'record' includes any information, document, report, answer, account, paper, or other data or documentary evidence.

"(g) CIVIL PENALTIES.—

"(1) AUTHORITY TO IMPOSE PENALTIES.—Upon determination, after reasonable notice and opportunity for a hearing on the record, that a lender or a guaranty agency—

"(A) has violated or failed to carry out any provision of this part or any regulation prescribed under this part, or

"(B) has engaged in substantial misrepresentation of the nature of its financial charges,

the Secretary may impose a civil penalty upon such lender or agency of not to exceed $2,000 for each violation, failure, or misrepresentation.

"(2) LIMITATIONS.—No civil penalty may be imposed under paragraph (1) of this subsection unless it is determined that the violation, failure, or substantial misrepresentation referred to in that paragraph resulted from—

"(A)(i) a clear and consistent pattern or practice of violations, failures, or substantial misrepresentations in which the lender or guaranty agency did not maintain procedures reasonably adapted to avoid the violation, failure, or substantial representation;

"(ii) gross negligence; or

"(iii) willful actions on the part of the lender or guaranty agency; and

"(B) the violation, failure, or substantial representation is material.

"(3) CORRECTION OF FAILURE.—A lender or guaranty agency has no liability under paragraph (1) of this subsection if, prior to the institution of an action under that paragraph, the lender or guaranty agency cures or corrects the violation or failure or notifies the person who received the substantial misrepresentation of the actual nature of the financial charges involved.

"(4) CONSIDERATION AS SINGLE VIOLATION.—For the purposes of paragraph (1) of this subsection, violations, failures, or substantial misrepresentations arising from a specific practice of a lender or guaranty agency shall be deemed to be a single violation, failure, or substantial misrepresentation even if the violation, failure, or substantial misrepresentation affects more than one loan or more than one borrower, or both, and the Secretary may only impose a single civil penalty for each such violation, failure, or substantial misrepresentation.

"(5) ASSIGNEES NOT LIABLE FOR VIOLATIONS BY OTHERS.—If a loan affected by a violation, failure, or substantial misrepresentation is assigned to another holder, the lender or guaranty agency responsible for the violation, failure, or substantial misrepresentation shall remain liable for any civil money penalty provided for under paragraph (1) of this subsection, but the assignee shall not be liable for any such civil money penalty.

"(6) COMPROMISE.—Until a matter is referred to the Attorney General, any civil penalty under paragraph (1) of this subsection may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the Secretary shall consider the appropriateness of the penalty to the resources of the lender or guaranty agency subject to the determination; the gravity of the violation, failure, or substantial misrepresentation; the frequency and persistence of the violation, failure, or substantial misrepresentation; and the amount of any losses resulting from the violation, failure, or substantial misrepresentation. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the lender or agency charged, unless the lender or agency has, in the case of a final agency determination, commenced proceedings for judicial review within 90 days of the determination, in which case the deduction may not be made during the pendency of the proceeding.

"SEC. 433A. STUDENT LOAN INFORMATION BY ELIGIBLE LENDERS.

"(a) REQUIRED DISCLOSURE BEFORE DISBURSEMENT.—Each eligible lender shall, at or prior to the time such lender disburses a loan which is insured or guaranteed under this part, provide thorough and accurate loan information on such loan to the borrower. Any disclosure required by this subsection may be made by an eligible lender as part of the written application material provided to the borrower, or as part of the promissory note evidencing the loan, or on a separate written form provided to the borrower. The disclosures shall include—

"(1) the name of the eligible lender, and the address to which communications and payments should be sent;

"(2) the principal amount of the loan;

"(3) the amount of any charges, such as the origination fee and insurance premium,

collected by the lender at or prior to the disbursal of the loan and whether such charges are deducted from the proceeds of the loan or paid separately by the borrower;

"(4) the stated interest rate on the loan;

"(5) the yearly and cumulative maximum amounts that may be borrowed;

"(6) an explanation of when repayment of the loan will be required and when the borrower will be obligated to pay interest that accrues on the loan;

"(7) a statement as to the minimum and maximum repayment term which the lender may impose, and the minimum annual payment required by law;

"(8) an explanation of any special options the borrower may have for loan consolidation or other refinancing of the loan;

"(9) a statement that the borrower has the right to prepay all or part of the loan, at any time, without penalty, a statement summarizing circumstances in which repayment of the loan or interest that accrues on the loan may be deferred, and a brief notice of the program for repayment of loans, on the basis of military service, pursuant to section 902 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141, note);

"(10) a definition of default and the consequences to the borrower if the borrower defaults, including a statement that the default may be reported to a credit bureau or credit reporting agency;

"(11) to the extent practicable, the effect of accepting the loan on the eligibility of the borrower for other forms of student assistance; and

"(12) an explanation of any cost the borrower may incur in the making or collection of the loan.

"(b) REQUIRED DISCLOSURE BEFORE REPAYMENT.—Each eligible lender shall, at or prior to the start of the repayment period of the student borrower on loans made, insured, or guaranteed under this part, disclose to the borrower the information required under this subsection. Any disclosure required by this subsection may be made by an eligible lender either in a promissory note evidencing the loan or loans or in a written statement provided to the borrower. The disclosures shall include:

"(1) the name of the eligible lender, and the address to which communications and payments should be sent;

"(2) the scheduled date upon which the repayment period is to begin;

"(3) the estimated balance owed by the borrower on the loan or loans covered by the disclosure as of the scheduled date on which the repayment period is to begin (including, if applicable, the estimated amount of interest to be capitalized);

"(4) the stated interest rate on the loan or loans, or the combined interest rate of loans with different stated interest rates;

"(5) the nature of any fees which may accrue or be charged to the borrower during the repayment period;

"(6) the repayment schedule for all loans covered by the disclosure including the date the first installment is due, and the number, amount, and frequency of required payments;

"(7) an explanation of any special options the borrower may have for loan consolidation or other refinancing of the loan;

"(8) the projected total of interest charges which the borrower will pay on the loan or loans, assuming that the borrower makes payments exactly in accordance with the repayment schedule; and

"(9) a statement that the borrower has the right to prepay all or part of the loan or loans covered by the disclosure at any time without penalty.

"(c) COST OF DISCLOSURE AND CONSEQUENCES OF NONDISCLOSURE.—Such information shall be available without cost to the borrower. The failure of an eligible lender to provide information as required by this section shall not (1) relieve a borrower of the obligation to repay a loan in accordance with its terms, (2) provide a basis for a claim for civil damages, or (3) be deemed to abrogate the obligation of the Secretary under a contract of insurance or reinsurance, or the obligation of a guaranty agency under a contract of guaranty. The Secretary may limit, suspend, or terminate the continued participation of an eligible lender in making loans under this part for failure by that lender to comply with this section.

"SEC. 434. PARTICIPATION BY FEDERAL CREDIT UNIONS IN FEDERAL, STATE, AND PRIVATE STUDENT LOAN INSURANCE PROGRAMS.

"Notwithstanding any other provision of law, Federal credit unions shall, pursuant to regulations of the National Credit Union Administration, have power to make insured loans to student members in accordance with the provisions of this part relating to federally insured loans, or in accordance with the provisions of any State or nonprofit private student loan insurance program which meets the requirements of section 428(a)(1)(B).

"SEC. 435. DEFINITIONS FOR STUDENT LOAN INSURANCE PROGRAM.

"As used in this part:

"(a) ELIGIBLE INSTITUTION.—The term 'eligible institution' means—

"(1) an institution of higher education;

"(2) a vocational school; or

"(3) with respect to students who are nationals of the United States, an institution outside the United States which is comparable to an institution of higher education or to a vocational school and which has been approved by the Secretary for purposes of this part,

except that such term does not include any such institution or school which employs or uses commissioned salesmen to promote the availability of any loan program described in section 428(a)(1), 428B, or 428C at that institution or school.

"(b) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means an educational institution in any State which—

"(1) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate, or who are beyond the age of compulsory school attendance;

"(2) is legally authorized within such State to provide a program of education beyond secondary education;

"(3) provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program which is acceptable for full credit toward such a degree;

"(4) is a public or other nonprofit institution; and

"(5) is accredited by a nationally recognized accrediting agency or association approved by the Secretary for this purpose or, if not so accredited—

"(A) is an institution with respect to which the Secretary has determined that there is satisfactory assurance, considering the resources available to the institution, the period of time, if any, during which it has operated, the effort it is making to meet accreditation standards, and the purpose for which this determination is being made, that the institution will meet the accreditation standards of such an agency or association within a reasonable time; or

"(B) is an institution whose credits are accepted on transfer by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited.

Such term includes any school which provides not less than one-year program of training to prepare students for gainful employment in a recognized occupation and which meets the provisions of paragraphs (1), (2), (4), and (5). If the Secretary determines that a particular category of such schools does not meet the requirements of paragraph (5) because there is no nationally recognized accrediting agency or association qualified to accredit schools in such category, the Secretary shall, pending the establishment of such an accrediting agency or association, appoint an advisory committee, composed of persons specially qualified to evaluate training provided by schools in such category, which shall (i) prescribe the standards of content, scope, and quality which must be met in order to qualify schools in such category to participate in the program pursuant to this part, and (ii) determine whether particular schools not meeting the requirements of paragraph (5) meet those standards. For purposes of this subsection the Secretary shall publish a list of nationally recognized accrediting agencies or associations which the Secretary determines to be reliable authorities as to the quality of training offered.

"(c) VOCATIONAL SCHOOL.—The term 'vocational school' means a business or trade school, or technical institution or other technical or vocational school, in any State, which—

"(1) admits as regular students only persons who have completed or left elementary or secondary school and who have the ability to benefit (as determined by the institution under section 481(d)) from the training offered by such institution;

"(2) is legally authorized to provide, and provides within that State, a program of postsecondary vocational or technical education designed to fit individuals for useful employment in recognized occupations;

"(3) has been in existence for two years or has been specially accredited by the Secretary as an institution meeting the other requirements of this subsection; and

"(4) is accredited—

"(A) by a nationally recognized accrediting agency or association listed by the Secretary pursuant to this paragraph;

"(B) if the Secretary determines that there is no nationally recognized accrediting agency or association qualified to accredit schools of a particular category, by a State agency listed by the Secretary pursuant to this paragraph; and

"(C) if the Secretary determines there is no nationally recognized or State agency or association qualified to accredit schools of a particular category, by an advisory committee appointed by the Secretary and composed of persons specially qualified to evaluate training provided by schools of that category, which committee shall prescribe the standards of content, scope, and quality which must be met by those schools in order for loans to students attending them to be insurable under this part and shall also determine whether particular schools meet those standards.

For the purpose of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations and State agencies which the Secretary determines to be reliable authority as to the quality of education or training afforded.

"(d) ELIGIBLE LENDER.—

"(1) IN GENERAL.—Except as provided in paragraphs (2) through (5), the term 'eligible lender' means—

"(A) a National or State chartered bank, a mutual savings bank, a savings and loan association, or a credit union which—

"(i) is subject to examination and supervision by an agency of the United States or of the State in which its principal place of operation is established, and

"(ii) does not have as its primary consumer credit function the making or holding of loans made to students under this part unless it is a bank which is wholly owned by a State;

"(B) a pension fund as defined in the Employee Retirement Income Security Act;

"(C) an insurance company which is subject to examination and supervision by an agency of the United States or a State;

"(D) in any State, a single agency of the State or a single nonprofit private agency designated by the State;

"(E) an eligible institution which meets the requirements of paragraphs (2) through (5) of this subsection;

"(F) for purposes only of purchasing and holding loans made by other lenders under this part, the Student Loan Marketing Association or an agency of any State functioning as a secondary market;

"(G) for purposes of making loans under section 439 (o) and (q), the Student Loan Marketing Association;

"(H) for purposes of making loans under section 428(j), a guaranty agency; and

"(I) a Rural Rehabilitation Corporation, or its successor agency, which has received Federal funds under Public Law 499, Eighty-first Congress (Ch. 152, 64 Stat. 98 (1950)).

"(2) ADDITIONAL REQUIREMENTS OF ELIGIBLE INSTITUTIONS.—To be an eligible lender under this part, an eligible institution—

"(A) shall employ at least one person whose full-time responsibilities are limited to the administration of programs of financial aid for students attending such institution; and

"(B) shall not be a home study school.

"(3) DISQUALIFICATION FOR HIGH DEFAULT RATES.—The term 'eligible lender' does not include any eligible institution in any fiscal year immediately after the fiscal year in which the Secretary determines, after notice and opportunity for a hearing, that for each of two consecutive years, 15 percent or more of the total amount of such loans as are described in section 428(a)(1) made by the institution with respect to students at that institution and repayable in each such year, are in default, as defined in section 435(o).

"(4) WAIVER OF DISQUALIFICATION.—Whenever the Secretary determines that—

"(A) there is reasonable possibility that an eligible institution may, within one year after a determination is made under paragraph (3), improve the collection of loans described in section 428(a)(1), so that the application of paragraph (3) would be a hardship to that institution, or

"(B) the termination of the lender's status under paragraph (3) would be a hardship to the present or for prospective students of the eligible institution, after considering the management of that institution, the ability of that institution to improve the collection of loans, the opportunities that institution offers to economically disadvantaged students, and other related factors,

the Secretary shall waive the provisions of paragraph (3) with respect to that institution. Any determination required under this paragraph shall be made by the Secretary prior to the termination of an eligible institution as a lender under the exception of paragraph (3). Whenever the Secretary grants a waiver pursuant to this paragraph, the Secretary shall provide technical assistance to the institution concerned in order to improve the collection rate of such loans.

"(5) DISQUALIFICATION FOR USE OF CERTAIN INCENTIVES.—The term 'eligible lender' does not include any lender that the Secretary determines, after notice and opportunity for a hearing, has after the date of enactment of this paragraph—

"(A) offered, directly or indirectly, points, premiums, payments, or other inducements, to any educational institution or individual in order to secure applicants for loans under this part; or

"(B) offered, directly or indirectly, loans under this part as an inducement to a prospective borrower to purchase a policy of insurance or other product.

"(e) LINE OF CREDIT.—The term 'line of credit' means an arrangement or agreement between the lender and the borrower whereby a loan is paid out by the lender to the borrower in annual installments, or whereby the lender agrees to make, in addition to the initial loan, additional loans in subsequent years.

"(f) DUE DILIGENCE.—The term 'due diligence' requires the utilization by a lender, in the servicing and collection of loans insured under this part, of collection practices at least as extensive and forceful as those generally practiced by financial institutions for the collection of consumer loans.

"(g) TEMPORARILY TOTALLY DISABLED.—

"(1) IN GENERAL.—The term 'temporarily totally disabled' when used with respect to a borrower means a borrower who, by reason of injury or illness, cannot be expected to be able to attend an eligible institution or to be gainfully employed during a reasonable period of recovery from such injury or illness not to exceed three years.

"(2) SPOUSE OF A BORROWER.—Such term when used with respect to the spouse of a borrower means a spouse who, by reason of injury or illness, cannot be expected to be gainfully employed during a reasonable period of recovery from such injury or illness not to exceed three years, and who during such period required continuous nursing or other similar services.

"(3) CHILD OF A DISABLED BORROWER.—Such term when used with respect to the disabled child of a single parent borrower means a dependent child who, by reason of injury or illness, cannot be expected to be able to attend school or to be gainfully employed during a period of injury or illness of not less than 3 months and who during such period requires continuous nursing or similar services.

"(4) DETERMINATIONS.—The determination that a borrower, a spouse, or dependent child is temporarily totally disabled must be established by a sworn affidavit of a qualified physician.

"(h) DEFINITION OF PARENTAL LEAVE.—The term 'parental leave' means a period—

"(1) during which the borrower is pregnant, caring for his or her newborn child, or caring for his or her child immediately following the placement of the child through adoption;

"(2) during which such borrower is not in attendance at an eligible institution or gainfully employed; and

"(3) which follows, by six months or less, a period during which the borrower was in attendance at an eligible institution.

"(i) HOLDER.—The term 'holder' means an eligible lender in possession of a loan.

"(j) GUARANTY AGENCY.—The term 'guaranty agency' means any State or nonprofit private institution or organization with which the Secretary has an agreement under section 428(b).

"(k) INSURANCE BENEFICIARY.—The term 'insurance beneficiary' means the insured or its authorized representative assigned in accordance with section 429(d).

"(l) DEFAULT.—The term 'default' includes only such defaults as have existed for (1) 180 days in the case of a loan which is repayable in monthly installments, or (2) 240 days in the case of a loan which is repayable in less frequent installments.

"SEC. 436. DISTRICT OF COLUMBIA STUDENT LOAN INSURANCE PROGRAM.

"(a) AUTHORITY.—The government of the District of Columbia is authorized (1) to establish a student loan insurance program which meets the requirements of this part for a State loan insurance program in order to enter into agreements with the Secretary for the purposes of this title, (2) to enter into such agreements with the Secretary, (3) to use amounts appropriated for the purposes of this section to establish a fund for such purposes and for expenses in connection therewith, and (4) to accept and use donations for the purposes of this section.

"(b) BINDING EFFECT ON MINORS.—Notwithstanding the provisions of any applicable law, if the borrower, on any loan insured under the program established pursuant to this section, is a minor, any otherwise valid vote or other written agreement executed by him for the purposes of such loan shall create a binding obligation.

"(c) APPROPRIATIONS AUTHORIZED.—There are authorized to be appropriated such amounts as may be necessary for the purposes of this section.

"SEC. 437. REPAYMENT BY THE SECRETARY OF LOANS OF BANKRUPT, DECEASED, OR DISABLED BORROWERS.

"(a) REPAYMENT IN FULL.—If a student borrower who has received a loan described in subparagraph (A) or (B) of section 428(a)(1) dies or becomes permanently and totally disabled (as determined in accordance with regulations of the Secretary), then the Secretary shall discharge the borrower's liability on the loan by repaying the amount owed on the loan.

"(b) REPAYMENT OF AMOUNT DISCHARGED.—If a student borrower who has received a loan described in subparagraph (A) or (B) of section 428(a)(1) is relieved of his obligation to repay such loan, in whole or in part, through a discharge in bankruptcy, the Secretary shall repay the amount of the loan so discharged.

"SEC. 438. SPECIAL ALLOWANCES.

"(a) FINDINGS.—In order to assure (1) that the limitation on interest payments or other conditions (or both) on loans made or insured under this part, do not impede or threaten to impede the carrying out of the purposes of this part or do not cause the return to holders of loans to be less than equitable, (2) that incentive payments on such loans are paid promptly to eligible lenders, and (3) that appropriate consideration of relative administrative costs and money market conditions is made in setting the

quarterly rate of such payments, the Congress finds it necessary to establish an improved method for the determination of the quarterly rate of the special allowances on such loans, and to provide for a thorough, expeditious and objective examination of alternative methods for the determination of the quarterly rate of such allowances.

"(b) COMPUTATION AND PAYMENT.—

"(1) QUARTERLY PAYMENT BASED ON UNPAID BALANCE.—A special allowance shall be paid for each of the three-month periods ending March 31, June 30, September 30, and December 31 of every year and the amount of such allowance paid to any holder with respect to any three-month period shall be a percentage of the average unpaid balance of principal (not including unearned interest added to principal) of all eligible loans held by such holder during such period.

"(2) RATE OF SPECIAL ALLOWANCE.—(A) Subject to subparagraph (B) and paragraph (4), the special allowance paid pursuant to this subsection on loans shall be computed (i) by determining the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned for such three month period, (ii) by subtracting the applicable interest rate on such loans from such average, (iii) by adding 3.5 percent to the resultant percent, and (iv) by dividing the resultant percent by four.

"(B)(i) The quarterly rate of the special allowance for holders of loans which were made or purchased with funds obtained by the holder from the issuance of obligations, the income from which is exempt from taxation under the Internal Revenue Code of 1954 shall be one-half the quarterly rate of the special allowance established under subparagraph (A). Such rate shall also apply to holders of loans which were made or purchased with funds obtained by the holder from collections or default reimbursements on, or interests or other income pertaining to, eligible loans made or purchased with funds described in the preceding sentence of this subparagraph or from income on the investment of such funds. This subparagraph shall not apply to loans which were made or insured prior to October 1, 1980.

"(ii) The rate set under division (i) shall not be less than (I) 2.5 percent per year in the case of loans for which the applicable interest rate is 7 percent per year, (II) 1.5 percent per year in the case of loans for which the applicable interest rate is 8 percent per year, or (II) 0.5 percent in the case of loans for which the applicable rate is 9 percent per year.

"(iii) No special allowance may be paid under this subparagraph unless the issuer of such obligations complies with subsection (c) of this section.

"(3) CONTRACTUAL RIGHT OF HOLDERS TO SPECIAL ALLOWANCE.—The holder of an eligible loan shall be deemed to have a contractual right against the United States, during the life of such loan, to receive the special allowance according to the provisions of this section. The special allowance determined for any such three-month period shall be paid promptly after the close of such period, and without administrative delay after receipt of an accurate and complete request for payment, pursuant to procedures established by regulations promulgated under this section.

"(4) PENALTY FOR LATE PAYMENT.—(A) If payments of the special allowances payable under this section or of interest payments under section 428(a) with respect to a loan have not been made within thirty days after the Secretary has received an accurate, timely, and complete request for payment thereof, the special allowance payable to such holder shall be increased by an amount equal to the daily interest accruing on the special allowance and interest benefits payments due the holder.

"(B) Such daily interest shall be computed at the daily equivalent rate of the sum of the special allowance rate computed pursuant to paragraph (2) and the interest rate applicable to the loan and shall be paid for the later of (i) the thirty-first day after the receipt of such request for payment from the holder, or (ii) the thirty-first day after the final day of the period or periods covered by such request, and shall be paid for each succeeding day until, and including, the date on which the Secretary authorizes payment.

"(C) For purposes of reporting to the Congress the amounts of special allowances paid under this section, amounts of special allowances paid pursuant to this paragraph shall be segregated and reported separately.

"(5) DEFINITION OF ELIGIBLE LOAN.—As used in this section, the term 'eligible loan' means a loan—

"(A)(i) on which a portion of the interest is paid on behalf of the student and for his account to the holder of the loan under section 428(a);

"(ii) which is made under section 428B, 428C, 428D, or 439(o); or

"(iii) which was made prior to October 1, 1981; and

"(B) which is insured under this part, or made under a program covered by an agreement under section 428(b) of this Act.

"(6) REGULATION OF TIME AND MANNER OF PAYMENT.—The Secretary shall pay the holder of an eligible loan, at such time or times as are specified in regulations, a special allowance prescribed pursuant to this subsection subject to the condition that such holder shall submit to the Secretary, at such time or times and in such a manner as the Secretary may deem proper, such information as may be required by regulation for the purpose of enabling the Secretary to carry out his functions under this section and to carry out the purposes of this section.

"(c) ORIGINATION FEES.—

"(1) DEDUCTION FROM INTEREST AND SPECIAL ALLOWANCE SUBSIDIES.—Notwithstanding subsection (b), the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b) of this section, respectively, to any holder shall be reduced by the Secretary by the amount which the lender is authorized to charge as an origination fee in accordance with paragraph (2) of this subsection. If the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b) of this section, respectively, is less than the amount the lender was authorized to charge borrowers for origination fees in that quarter, the Secretary shall deduct the excess amount from the subsequent quarters' payments until the total amount has been deducted.

"(2) AMOUNT OF ORIGINATION FEES.—With respect to any loan (other than loans made under section 428B and section 439(o)) for which a completed note or other written evidence of the loan was sent or delivered to the borrower for signing on or after 10 days after the date of enactment of the Postsecondary Student Assistance Amendments of 1981, each eligible lender under this part is authorized to charge the borrower an origination fee in an amount, which may be deducted from the proceeds of the loan prior to payment to the borrower, which shall not exceed (as a percentage of the principal amount of the loan)—

"(A) 5 percent for loans made during fiscal years prior to fiscal year 1988;

"(B) 4 percent for loans made during fiscal year 1988;

"(C) 3 percent for loans made during fiscal year 1989;

"(D) 2 percent for loans made during fiscal year 1990;

"(E) 1 percent for loans made during fiscal year 1991.

"(3) RELATION TO APPLICABLE INTEREST.—Such origination fee shall not be taken into account for purposes of determining compliance with section 427A.

"(4) DISCLOSURE REQUIRED.—The lender shall disclose to the borrower the amount and method of calculating the origination fee.

"(5) PROHIBITION ON DEPARTMENT COMPELLING ORIGINATION FEE COLLECTIONS BY LENDERS.—Nothing in this subsection shall be construed to permit the Secretary to require any lender that is making loans that are insured or guaranteed under this part, but for which no amount will be payable for interest under section 428(a)(3)(A) or for special allowances under subsection (b) of this section, to collect any origination fee or to submit the sums collected as origination fees to the United States. The Secretary shall, not later than January 1, 1987, return to any such lender any such sums collected before the enactment of this paragraph, together with interest thereon.

"(d) LENDING FROM PROCEEDS OF TAX EXEMPT OBLIGATIONS.—

"(1) PLAN FOR DOING BUSINESS REQUIRED.—In order for the holders of loans any portion of which were made or purchased with funds obtained by the holder from an Authority issuing obligations, the income from which is exempt from taxation under the Internal Revenue Code of 1954, to be eligible to receive a special allowance under subsection (b)(2) of this section, the Authority shall submit to the Governor of the State, and to the guaranty agency determined by the Secretary to be the principal guaranty agency for the State, a plan for doing business. The Governor shall, after consultation with the guaranty agency, approve or disapprove the plan within 30 days of the receipt of the proposed plan from the Authority. Such plan shall also be transmitted to the Secretary within 60 days after approval.

"(2) CONTENTS OF PLAN.—Each such plan shall contain provisions designed to assure that—

"(A) no eligible lender in the area served by the Authority will be excluded from participation in the program of the Authority and all eligible lenders may participate in the program on the same terms and conditions if eligible lenders are going to participate in the program;

"(B) no director or staff member of the Authority who receives compensation from the Authority may own stock in, or receive compensation from, any agency that would contract to service and collect the loans of the Authority;

"(C) student loans will not be purchased from participating lenders at a premium or discount amounting to more than 1 percent of the unpaid principal amount borrowed plus accrued interest to the date of acquisition, but a reasonable loan transfer fee may be paid by the purchaser;

"(D) the Authority will, within the limit of funds available and subject to the applicable State and Federal law, make loans to, or purchase loans incurred by, all eligible students who are residents of, or who attend an

eligible institution within, the area served by the Authority;

"(E) the Authority has a plan under which the Authority will pursue the development of new lender participation in a continuing program of benefits to students together with assurances of existing lender commitments to the program;

"(F) there will be an annual audit of the Authority by a certified public accounting firm which will include review of compliance by the Authority with the provisions of the plan; and

"(G) the Authority will not issue obligations for amounts in excess of the reasonable needs for student loan credit within the area served by the Authority, after taking into account existing sources of student loan credit in that area.

"(3) NONDISCRIMINATION.—In order for the holders of loans which were made or purchased with funds obtained by the holder from an Authority issuing obligations, the income from which is exempt from taxation under the Internal Revenue Code of 1954, to be eligible to receive a special allowance under subsection (b)(2) of this section on any such loans, the Authority shall not engage in any pattern or practice which results in a denial of a borrower's access to loans under this part because of the borrower's race, sex, color, religion, national origin, age, handicapped status, income, attendance at a particular eligible institution within the area served by the Authority, length of the borrower's educational program, or the borrower's academic year in school.

"(4) REPORT BY THE SECRETARY.—The Secretary shall, no later than September 30, 1988, and each succeeding September 30th, submit a report to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate specifying—

"(A) the amount of student loan credit provided through the use of tax-exempt obligations for the most recent fiscal year;

"(B) an assessment of the impact of the availability of such financing on the availability of student credit in the areas served by the authorities issuing such obligations;

"(C) an assessment of the need for additional tax-exempt financing for student credit for the next fiscal year, as evidenced by the information submitted under paragraph (2)(G) of this subsection; and

"(D) any other information determined by the Secretary to be relevant to the purposes of the report.

"(e) REGULATIONS TO PREVENT DENIAL OF LOANS TO ELIGIBLE STUDENTS.—The Secretary shall adopt or amend appropriate regulations pertaining to programs carried on under this part to prevent, where practicable, any practices which the Secretary finds have denied loans to a substantial number of eligible students.

"SEC. 439. STUDENT LOAN MARKETING ASSOCIATION.

"(a) PURPOSE.—The Congress hereby declares that it is the purpose of this section (1) to establish a private corporation which will be financed by private capital and which will serve as a secondary market and warehousing facility for student loans, including loans which are insured by the Secretary under this part or by a guaranty agency, and which will provide liquidity for student loan investments; (2) in order to facilitate secured transactions involving student loans, to provide for perfection of security interests in student loans either through the taking of possession or by notice filing; and (3) to assure nationwide the establishment of adequate loan insurance programs for students, to provide for an additional program of loan insurance to be covered by agreements with the Secretary.

"(b) ESTABLISHMENT.—

"(1) IN GENERAL.—There is hereby created a body corporate to be known as the Student Loan Marketing Association (hereinafter referred to as the 'Association'). The Association shall have succession until dissolved. It shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of venue and jurisdiction in civil actions, to be a resident and citizen thereof. Offices may be established by the Association in such other place or places as it may deem necessary or appropriate for the conduct of its business.

"(2) EXEMPTION FROM STATE AND LOCAL TAXES.—The Association, including its franchise, capital, reserves, surplus, mortgages, or other security holdings, and income shall be exempt from all taxation now or hereafter imposed by any State, territory, possession, Commonwealth, or dependency of the United States, or by the District of Columbia, or by any county, municipality, or local taxing authority, except that any real property of the Association shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

"(3) APPROPRIATIONS AUTHORIZED FOR ESTABLISHMENT.—There is hereby authorized to be appropriated to the Secretary $5,000,000 for making advances for the purpose of helping to establish the Association. Such advances shall be repaid within such period as the Secretary may deem to be appropriate in light of the maturity and solvency of the Association. Such advances shall bear interest at a rate not less than (A) a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining period to maturity comparable to the maturity of such advances, adjusted to the nearest one-eighth of 1 percent, plus (B) an allowance adequate in the judgment of the Secretary to cover administrative costs and probable losses. Repayments of such advances shall be deposited into miscellaneous receipts of the Treasury.

"(c) BOARD OF DIRECTORS.—

"(1) BOARD MEMBERSHIP.—The Association shall have a Board of Directors which shall consist of twenty-one persons, one of whom shall be designated Chairman by the President.

"(2) INTERIM BOARD.—An interim Board of Directors shall be appointed by the President, one of whom he shall designate an interim Chairman. The interim Board shall consist of twenty-one members, seven of whom shall be representative of banks or other financial institutions which are insured lenders pursuant to this section, seven of whom shall be representative of educational institutions, and seven of whom shall be representative of the general public. The interim Board shall arrange for an initial offering of common and preferred stocks and take whatever other actions are necessary to proceed with the operations of the Association.

"(3) REGULAR BOARD.—When, in the judgment of the President, sufficient common stock of the Association has been purchased by educational institutions and banks or other financial institutions, the holders of common stock which are educational institutions shall elect seven members of the Board of Directors and the holders of common stock which are banks or other financial institutions shall elect seven members of the Board of Directors. The President shall appoint the remaining seven directors, who shall be representative of the general public.

"(4) SUCCESSION OF REGULAR BOARD.—At the time the events described in paragraph (3) have occurred, the interim Board shall turn over the affairs of the Association to the regular Board so chosen or appointed.

"(5) TERMS OF APPOINTED AND ELECTED MEMBERS.—The directors appointed by the President shall serve at the pleasure of the President and until their successors have been appointed and have qualified. The remaining directors shall each be elected for a term ending on the date of the next annual meeting of the common stockholders of the Association, and shall serve until their successors have been elected and have qualified. Any appointive seat on the Board which becomes vacant shall be filled by appointment of the President. Any elective seat on the Board which becomes vacant after the annual election of the directors shall be filled by the Board, but only for the unexpired portion of the term.

"(6) MEETINGS AND FUNCTIONS OF BOARD.—The Board of Directors shall meet at the call of its Chairman, but at least semiannually. The Board shall determine the general policies which shall govern the operations of the Association. The Chairman of the Board shall, with the approval of the Board, select, appoint, and compensate qualified persons to fill the offices as may be provided for in the bylaws, with such executive functions, powers, and duties as may be prescribed by the bylaws or by the Board of Directors, and such persons shall be the executive officers of the Association and shall discharge all such executive functions, powers, and duties.

"(d) AUTHORITY OF ASSOCIATION.—

"(1) IN GENERAL.—The Association is authorized, subject to the provisions of this section—

"(A) pursuant to commitments or otherwise to make advances on the security of, purchase, or repurchase, service, sell or resell, offer participations, or pooled interests or otherwise deal in, at prices and on terms and conditions determined by the Association, student loans which are insured by the Secretary under this part or by a guaranty agency;

"(B) to buy, sell, hold, underwrite, and otherwise deal in obligations, if such obligations are issued, for the purpose of making or purchasing insured loans, by a guaranty agency or by an eligible lender in a State described in section 435(d)(1)(D) or (F);

"(C) to buy, sell, hold, insure, underwrite, and otherwise deal in obligations issued for the purpose of financing or refinancing the construction, reconstruction, renovation, or purchase of educational and training facilities and housing for students and faculties (including the underlying real property), and related equipment, instrumentation, and furnishings;

"(D) to undertake a program of loan insurance pursuant to agreements with the Secretary under section 428, and except with respect to loans under subsection (o), the Secretary may enter into an agreement with the Association for such purpose only if the Secretary determines that (i) eligible borrowers are seeking and unable to obtain loans under this part, and (ii) no guaranty agency is capable of or willing to provide a program of loan insurance for such borrowers; and

"(E) to undertake any other activity which the Board of Directors of the Association determines to be in furtherance of the programs of insured student loans authorized under this part or will otherwise support the credit needs of students.

The Association is further authorized to undertake any activity with regard to student loans which are not insured or guaranteed as provided for in this subsection as it may undertake with regard to insured or guaranteed student loans. Any warehousing advance made on the security of such loans shall be subject to the provisions of paragraph (3) of this subsection to the same extent as a warehousing advance made on the security of insured loans.

"(2) WAREHOUSING ADVANCES.—Any warehousing advance made under paragraph (1)(A) of this subsection shall be made on the security of (A) insured loans, (B) marketable obligations and securities issued, guaranteed or insured by, the United States, or for which the full faith and credit of the United States is pledged for the repayment of principal and interest thereof, or (C) marketable obligations issued, guaranteed, or insured by any agency, instrumentality or corporation of the United States for which the credit of such agency, instrumentality or corporation is pledged for the repayment of principal and interest thereof, in an amount equal to the amount of such advance. The proceeds of any such advance secured by insured loans shall either be invested in additional insured loans or the lender shall provide assurances to the Association that during the period of the borrowing it will maintain a level of insured loans in its portfolio not less than the aggregate outstanding balance of such loans held at the time of the borrowing. The proceeds from any such advance secured by collateral described in clauses (B) and (C) shall be invested in additional insured student loans.

"(3) PERFECTION OF SECURITY INTERESTS IN STUDENT LOANS.—Notwithstanding the provisions of any State law to the contrary, including the Uniform Commercial Code as in effect in any State, a security interest in insured student loans created on behalf of the Association or any eligible lender as defined in section 435(a) may be perfected either through the taking of possession of such loans or by the filing of notice of such security interest in such loans in the manner provided by such State law for perfection of security interests in accounts.

"(4) FORM OF SECURITIES.—Securities issued pursuant to the offering of participations or pooled interests under paragraph (1) of this subsection may be in the form of debt obligations, or trust certificates of beneficial ownership, or both. Student loans set aside pursuant to the offering of participations or pooled interests shall at all times be adequate to ensure the timely principal and interest payments on such securities.

"(e) ADVANCES TO LENDERS THAT DO NOT DISCRIMINATE.—The Association, pursuant to such criteria as the Board of Directors may prescribe, shall make advances on security or purchase student loans pursuant to subsection (d) only after the Association is assured that the lender (1) does not discriminate by pattern or practice against any particular class or category of students by requiring that, as a condition to the receipt of a loan, the student or his family maintain a business relationship with the lender, except that this clause shall not apply in the case of a loan made by a credit union, savings and loan association, mutual savings bank, institution of higher education, or any other lender with less than $75,000,000 in deposits, and (2) does not discriminate on the basis of race, sex, color, creed, or national origin.

"(f) STOCK OF THE ASSOCIATION.—

"(1) COMMON STOCK TO INSURED LENDERS AND ELIGIBLE INSTITUTIONS ONLY.—The Association shall have common stock having such par value as may be fixed by its Board of Directors from time to time which may be issued only to lenders under this part, pertaining to guaranteed student loans, who are qualified as insured lenders under this part or who are eligible institutions, as defined in section 435(a), other than an institution outside of the United States.

"(2) VOTING RIGHTS.—Each share of common stock shall be entitled to one vote with rights of cumulative voting at all elections of Directors. Voting shall be by classes as described in subsection (c)(3).

"(3) NUMBER OF SHARES; TRANSFERABILITY.—The maximum number of shares of common stock that the Association may issue and have outstanding at any one time shall be fixed by the Board of Directors from time to time. Any common share issued shall be fully transferable, except that, as to the Association, it shall be transferred only on the books of the Association.

"(4) DIVIDENDS.—To the extent that net income is earned and realized, subject to subsection (g)(2), dividends may be declared on common stock and nonvoting common stock by the Board of Directors. Such dividends as may be declared by the Board shall be paid to the holders of outstanding shares of common stock and nonvoting common stock, except that no such dividends shall be payable with respect to any share which has been called for redemption past the effective date of such call.

"(5) NONVOTING COMMON STOCK.—The Association is authorized to issue nonvoting common stock having such par value as may be fixed by its Board of Directors from time to time. Any nonvoting common stock shall be freely transferable, except that, as to the Association, it shall be transferable only on the books of the Association.

"(g) PREFERRED STOCK.—

"(1) AUTHORITY OF BOARD.—The Association is authorized to issue nonvoting preferred stock having such par value as may be fixed by its Board of Directors from time to time. Any preferred share issued shall be freely transferable, except that, as to the Association, it shall be transferred only on the books of the Association.

"(2) RIGHTS OF PREFERRED STOCK.—The holders of the preferred shares shall be entitled to such rate of cumulative dividends and such shares shall be subject to such redemption or other conversion provisions as may be provided for at the time of issuance. No dividends shall be payable on any share of common stock at any time when any dividend is due on any share of preferred stock and has not been paid.

"(3) PREFERENCE ON TERMINATION OF BUSINESS.—In the event of any liquidation, dissolution, or winding up of the Association's business, the holders of the preferred shares shall be paid in full at par value thereof, plus all accrued dividends, before the holders of the common shares receive any payment.

"(h) DEBT OBLIGATIONS.—

"(1) APPROVAL BY SECRETARIES OF EDUCATION AND THE TREASURY.—The Association is authorized with the approval of the Secretary of Education and the Secretary of the Treasury to issue and have outstanding obligations having such maturities and bearing such rate or rates of interest as may be determined by the Association. The authority of the Secretary of Education to approve the issuance of such obligations is limited to obligations issued by the Association and guaranteed by the Secretary pursuant to paragraph (2) of this subsection. Such obligations may be redeemable at the option of the Association before maturity in such manner as may be stipulated therein. The Secretary of the Treasury may not direct as a condition of his approval that any such issuance of obligations by the Association be made or sold to the Federal Financing Bank. To the extent that the average outstanding amount of the obligations owned by the Association pursuant to the authority contained in subsection (d)(1)(B) and (C) of this section and as to which the income is exempt from taxation under the Internal Revenue Code of 1954 does not exceed the average stockholders' equity of the Association, the interest on obligations issued under this paragraph shall not be deemed to be interest on indebtedness incurred or continued to purchase or carry obligations for purposes of section 265 of the Internal Revenue Code of 1954.

"(2) GUARANTEE OF DEBT.—The Secretary is authorized, prior to October 1, 1984, to guarantee payment when due of principal and interest on obligations issued by the Association in an aggregate amount determined by the Secretary in consultation with the Secretary of the Treasury. Nothing in this section shall be construed so as to authorize the Secretary of Education or the Secretary of the Treasury to limit, control, or constrain programs of the Association or support of the Guaranteed Student Loan Program by the Association.

"(3) BORROWING AUTHORITY TO MEET GUARANTEE OBLIGATIONS.—To enable the Secretary to discharge his responsibilities under guarantees issued by him, he is authorized to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions, as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the months preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. There is authorized to be appropriated to the Secretary such sums as may be necessary to pay the principal and interest on the notes or obligations issued by him to the Secretary of the Treasury.

"(4) ACTION ON REQUEST FOR GUARANTEES.—Upon receipt of a request from the Association under this subsection requiring approvals by the Secretary of Education or the Sec-

retary of the Treasury, the Secretary of Education or the Secretary of the Treasury shall act promptly either to grant approval or to advise the Association of the reasons for withholding approval. In no case shall such an approval be withheld for a period longer than sixty days unless, prior to the end of such period, the Secretary of Education and the Secretary of the Treasury submit to the Congress a detailed explanation of reasons for doing so.

"(5) AUTHORITY OF TREASURY TO PURCHASE DEBT.—The Secretary of the Treasury is authorized to purchase any obligations issued by the Association pursuant to this subsection as now or hereafter in force, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force are extended to include such purchases. The Secretary of the Treasury shall not at any time purchase any obligations under this subsection if such purchase would increase the aggregate principal amount of his then outstanding holdings of such obligations under this subsection to an amount greater than $1,000,000,000. Each purchase of obligations by the Secretary of the Treasury under this subsection shall be upon such terms and conditions as to yield a return at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the making of such purchase. The Secretary of the Treasury may, at any time, sell, upon such terms and conditions and at such price or prices as he shall determine, any of the obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such obligations under this subsection shall be treated as public debt transactions of the United States.

"(6) SALE OF DEBT TO FEDERAL FINANCING BANK.—Notwithstanding any other provision of law the Association is authorized to sell or issue obligations on the security of student loans, the payment of interest or principal of which has at any time been guaranteed under section 428 or 429 of this part, to the Federal Financing Bank.

"(i) GENERAL CORPORATE POWERS.—The Association shall have power—

"(1) to sue and be sued, complain and defend, in its corporate name and through its own counsel;

"(2) to adopt, alter, and use the corporate seal, which shall be judicially noticed;

"(3) to adopt, amend, and repeal by its Board of Directors, bylaws, rules, and regulations as may be necessary for the conduct of its business;

"(4) to conduct its business, carry on its operations, and have officers and exercise the power granted by this section in any State without regard to any qualification or similar statute in any State;

"(5) to lease, purchase, or otherwise acquire, own, hold, improve, use, or otherwise deal in and with any property, real, personal, or mixed, or any interest therein, wherever situated;

"(6) to accept gifts or donations of services, or of property, real, personal, or mixed, tangible or intangible, in aid of any of the purposes of the Association;

"(7) to sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of its property and assets;

"(8) to appoint such officers, attorneys, employees, and agents as may be required, to determine their qualifications, to define their duties, to fix their salaries, require bonds for them and fix the penalty thereof; and

"(9) to enter into contracts, to execute instruments, to incur liabilities, and do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

"(j) ACCOUNTING, AUDITING, AND REPORTING.—The accounts of the Association shall be audited annually. Such audits shall be conducted in accordance with generally accepted auditing standards by independent certified public accountants or by independent licensed public accountants, licensed on or before December 31, 1970, who are certified or licensed by a regulatory authority of a State or other political subdivision of the United States, except that independent public accountants licensed to practice by such regulatory authority after December 31, 1970, and persons who, although not so certified or licensed, meet, in the opinion of the Secretary, standards of education and experience representative of the highest standards prescribed by the licensing authorities of the several States which provide for the continuing licensing of public accountants and which are prescribed by the Secretary in appropriate regulations may perform such audits until December 31, 1975. A report of each such audit shall be furnished to the Secretary of the Treasury. The audit shall be conducted at the place or places where the accounts are normally kept. The representatives of the Secretary shall have access to all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Association and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians.

"(k) REPORT ON AUDITS BY TREASURY.—A report of each such audit for a fiscal year shall be made by the Secretary of the Treasury to the President and to the Congress not later than six months following the close of such fiscal year. The report shall set forth the scope of the audit and shall include a statement (showing intercorporate relations) of assets and liabilities, capital and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expense; a statement of sources and application of funds; and such comments and information as may be deemed necessary to keep the President and the Congress informed of the operations and financial condition of the Association, together with such recommendations with respect thereto as the Secretary may deem advisable, including a report of any impairment of capital or lack of sufficient capital noted in the audit. A copy of each report shall be furnished to the Secretary, and to the Association.

"(l) LAWFUL INVESTMENT INSTRUMENTS; EFFECT OF AND EXEMPTIONS FROM OTHER LAWS.—All obligations issued by the Association including those made under subsection (d)(4) shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under authority or control of the United States or of any officer or officers thereof. All stock and obligations issued by the Association pursuant to this section shall be deemed to be exempt securities within the meaning of laws administered by the Securities and Exchange Commission, to the same extent as securities which are direct obligations of, or obligations guaranteed as to principal or interest by, the United States. The Association shall, for the purposes of section 14(b)(2) of the Federal Reserve Act, be deemed to be an agency of the United States. The obligations of the Association shall be deemed to be obligations of the United States for purposes of section 3701 of the Revised Statutes (31 U.S.C. 742). For the purpose of the distribution of its property pursuant to section 726 of title 11, United States Code, the Association shall be deemed a person within the meaning of such title. The priority established in favor of the United States by section 3466 of the Revised Statutes (31 U.S.C. 191) shall not establish a priority over the indebtedness of the Association. The Federal Reserve Banks are authorized to act as depositaries, custodians or fiscal agents, or a combination thereof, for the Association in the general performance of its powers under this section.

"(m) PREPARATION OF OBLIGATIONS.—In order to furnish obligations for delivery by the Association, the Secretary of the Treasury is authorized to prepare such obligations in such form as the Board of Directors may approve, such obligations when prepared to be held in the Treasury subject to delivery upon order by the Association. The engraved plates, dies, bed pieces, and so forth, executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Association shall reimburse the Secretary of the Treasury for any expenditures made in the preparation, custody, and delivery of such obligations. The Secretary of the Treasury is authorized to promulgate regulations on behalf of the Association so that the Association may utilize the book-entry system of the Federal Reserve Banks.

"(n) REPORT ON OPERATIONS AND ACTIVITIES.—The Association, shall, as soon as practicable after the end of each fiscal year, transmit to the President and the Congress a report of its operations and activities during each year.

"(o) LOAN CONSOLIDATIONS.—

"(1) IN GENERAL.—The Association or its designated agent may, upon request of a borrower, consolidate loans received under this title in accordance with section 428D.

"(2) USE OF EXISTING AGENCIES AS AGENT.—The Association in making loans pursuant to this subsection in any State served by a guaranty agency or an eligible lender in a State described in section 435(d)(1) (D) or (F) may designate as its agent such agency or lender to perform such functions as the Association determines appropriate. Any agreements made pursuant to this subparagraph shall be on such terms and conditions as agreed upon by the Association and such agency or lender.

"(p) ADVANCES FOR DIRECT LOANS BY GUARANTY AGENCIES.—

"(1) IN GENERAL.—The Association shall make advances in each fiscal year from amounts available to it to each guaranty agency and eligible lender described in subsection 428(h)(1) which has an agreement with the Association which sets forth that advances are necessary to enable such agency or lender to make student loans in accordance with section 428(h) of this title and that such advances will be repaid to the Association in accordance with such terms and conditions as may be set forth in the

agreement and agreed to by the Association and such agency or lender. Advances made under this subsection shall not be subject to subsection (d)(2) of this section.

"(2) LIMITATION.—No advance may be made under this subsection unless the guaranty agency or lender makes an application to the Association, which shall be accompanied by such information as the Association determines to be reasonably necessary.

"(q) LENDER OF LAST RESORT.—

"(1) ACTION AT REQUEST OF SECRETARY.—(A) Whenever the Secretary determines that eligible borrowers in a State not served by a guaranty agency or an eligible lender in a State described in section 435(d)(1) (D) or (F) are seeking and are unable to obtain loans under this part, the Association or its designated agent may begin making loans in accordance with this subsection at the request of the Secretary. The Association shall give preference to such States in making loans under this subsection.

"(B) Loans made pursuant to this subsection shall be insurable by the Secretary under section 429 with a certificate of comprehensive insurance coverage provided for under section 429(b)(1).

"(2) ISSUANCE AND COVERAGE OF LOANS.—(A) Whenever the Secretary, after consultation with, and with the agreement of, representatives of the guaranty agency in a State, or an eligible lender in a State described in section 435(d)(1)(D), determines that a substantial portion of eligible borrowers in such State or within an area of such State are seeking and are unable to obtain loans under this part, the Association or its designated agent may begin making loans in accordance with this subsection at the request of the Secretary.

"(B) Loans made pursuant to this subsection shall be insurable by the agency identified in subparagraph (A) having an agreement pursuant to section 428(b). For loans insured by such agency, the agency shall provide the Association with a certificate of comprehensive insurance coverage, if the Association and the agency have mutually agreed upon a means to determine that the agency has not already guaranteed a loan under this part to a student which would cause a subsequent loan made by the Association to be in violation of any provision under this part.

"(3) TERMINATION OF LENDING.—The Association or its designated agent shall cease making loans under this part in any State at such time as it is determined by the Secretary, with regard to loans made under paragraph (1), or by any party to the agreement required by paragraph (2), that—

"(A) the conditions which caused the implementation of this subsection have ceased to exist; or

"(B) the implementation of this subsection has either (i) further reduced the availability of loans from other sources in the applicable geographical area, or (ii) inhibited the formation in a State of an agency which would have an agreement pursuant to section 428(b) of this part which would have the responsibility of developing local sources of funds for student loans.".

(b) EFFECTIVE DATES.—The changes made in part B of title IV of the Act by the amendment made by subsection (a) of this section shall take effect on October 1, 1986, except—

(1) as otherwise provided in such part B;

(2) that the extension of authority to make loans under such part shall be effective on the date of enactment of this Act;

(3) that the extension of the grace period (under sections 427(a)(2)(B) and 428(b)(1)(E)) from six to nine months shall only apply with respect to loans made after October 1, 1987, to borrowers who, on the date of entering into the note or other written evidence of the loan, have no outstanding balance of principal or interest on any loan made, insured, or guaranteed under such part B;

(4) the changes in sections 427(a)(2)(C) and 428(b)(1)(M) of the Act shall apply only to loans made on or after July 1, 1987; and

(5) the changes in sections 435(d)(5) and 438(d) of the Act shall take effect 30 days after the date of enactment of this Act.

SEC. 412. STUDY OF USE OF MULTIPLE-YEAR LINES OF CREDIT.

The Secretary of Education shall evaluate the feasibility and efficiency of permitting students to establish lines of credit with eligible lenders under part B of title IV of the Act that cover more than one year of attendance at an institution of higher education. Such evaluation shall determine the extent to which such an arrangement would reduce the administrative costs associated with making separate loans annually under such part. In conducting such evaluation, the Secretary shall consult institutions of higher education and eligible lenders under such part. Within six months after the date of enactment of this Act, the Secretary shall submit to the Congress a report on the results of such evaluation together with such recommendations as the Secretary considers appropriate.

SEC. 413. STUDY OF MULTIPLE DISBURSEMENT.

The Comptroller General shall evaluate the impact of the multiple disbursement system required for student loans under part B of title IV of the Act on the ability of both students and institutions of higher education to meet their expenses as they arise. Such evaluation shall include an assessment of any other impacts of such system on such students or institutions that the Comptroller General determines to be significant. A report on the results of such evaluation shall be submitted to the Congress not later than two years after the date of the enactment of this Act.

SEC. 414. STUDY OF ADMINISTRATIVE COST ALLOWANCES TO STATE GUARANTEE AGENCIES.

The Secretary shall conduct a comprehensive study of administrative cost allowances paid to guaranty agencies under part B of title IV of the Act and report to Congress within one year of enactment of this section. The Secretary shall evaluate guaranty agency reserves and outlays and identify cost-saving measures to reduce Federal expenditures and make recommendations on such measures.

PART C—COLLEGE WORK-STUDY AMENDMENT

SEC. 441. REVISION OF PART C.

Part C of title IV of the Act is amended to read as follows:

"PART C—WORK-STUDY PROGRAMS

"SEC. 441. PURPOSE; APPROPRIATIONS AUTHORIZED.

"(a) PURPOSES.—The purpose of this part is to stimulate and promote the part-time employment of students who are enrolled as undergraduates or graduate or professional students and who are in need of earnings from employment to pursue courses of study at eligible institutions.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this part $700,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"SEC. 442. ALLOCATION OF FUNDS.

"(a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—(1) From the amount appropriated pursuant to section 441(b), the Secretary shall first allocate to each eligible institution—

"(A) for fiscal year 1987 or 1988, an amount equal to 100 percent of the amount such institution received and used under this part for fiscal year 1979; and

"(B) for each succeeding fiscal year, an amount equal to 95 percent of the amount such institution received and used under this part for the second preceding fiscal year.

"(2) From the amount so appropriated, the Secretary shall next allocate to each eligible institution that began participation in the program under this part after fiscal year 1979, an amount equal to the greatest of—

"(A) $5,000;

"(B) an amount equal to (i) 90 percent of the amount received and used under this part in the second preceding fiscal year by eligible institutions offering comparable programs of instruction, divided by (ii) the number of full-time equivalent students enrolled at such comparable institutions in such fiscal year, multiplied by (iii) the number of full-time equivalent students enrolled at the applicant institution in such fiscal year; or

"(C) 90 percent of the institution's allocation under this part for the preceding fiscal year.

(3) If the amount appropriated for any fiscal year is less than the amount required to be allocated to eligible institutions under paragraphs (1) and (2) of this subsection, then the amount of the allocation to each such institution shall be ratably reduced. If additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced (until the amount allocated equals the amount required to be allocated under paragraphs (1) and (2) of this subsection).

"(b) ALLOCATION OF EXCESS BASED ON SHARE OF EXCESS ELIGIBLE AMOUNTS.—(1) From the remainder of the amount appropriated pursuant to section 441(b) after making the allocations required by subsection (a), the Secretary shall allocate to each eligible institution which has an excess eligible amount (other than an institution participating in the program under this subpart for the first or second time) an amount which bears the same ratio to such remainder as such excess eligible amount bears to the sum of the excess eligible amounts of all such eligible institutions (having such excess eligible amounts).

"(2) For any eligible institution (other than an institution participating in the program under this subpart for the first or second time), the excess eligible amount is the amount, if any, by which—

"(A)(i) the amount of that institution's need (as determined under subsection (c)), divided by (ii) the sum of the need of all institutions (as so determined), multiplied by (iii) the amount appropriated pursuant to section 441(b) for the fiscal year; exceeds

"(B) the amount required to be allocated to that institution under subsection (a).

"(c) DETERMINATION OF INSTITUTION'S NEED.—(1) The amount of an institution's need is equal to the sum of the self-help need of the institution's eligible undergraduate students and the self-help need of the institution's eligible graduate and professional students.

"(2) To determine the need of an institution's eligible undergraduate students, the Secretary shall—

"(A) establish various income categories for dependent and independent undergraduate students;

"(B) establish an expected family contribution for each income category of dependent and independent undergraduate students, determined on the basis of the average expected family contribution (computed in accordance with part F of this title) of a representative sample within each income category for the second preceding fiscal year;

"(C) compute 25 percent of the average cost of attendance (computed in accordance with section 472) for all undergraduate students;

"(D) multiply the number of eligible dependent students in each income category by the lesser of—

"(i) 25 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C); or

"(ii) the average cost of attendance (computed in accordance with section 472) for all undergraduate students minus the expected family contribution determined under subparagraph (B) of this paragraph for that income category, except that the amount computed by such subtraction shall not be less than zero;

"(E) add the amounts determined under subparagraph (D) of this paragraph for each income category of dependent students;

"(F) multiply the number of eligible independent students in each income category by the lesser of—

"(i) 25 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C); or

"(ii) the average cost of attendance for all undergraduate students minus the expected family contribution determined under subparagraph (B) of this paragraph for that income category, except that the amount computed by such subtraction for any income category shall not be less than zero;

"(G) add the amounts determined under subparagraph (F) of this paragraph for each income category of independent students; and

"(H) add the amounts determined under subparagraphs (E) and (G) of this paragraph.

"(3) To determine the self-help need of an institution's eligible graduate and professional students, the Secretary shall—

"(A) establish various income categories of graduate and professional students;

"(B) establish an expected family contribution for each income category of graduate and professional students, determined on the basis of the average expected family contribution (computed in accordance with part F of this title) of a representative sample within each income category for the second preceding fiscal year;

"(C) determine the average cost of attendance (computed in accordance with section 472) for all graduate and professional students;

"(D) subtract from the average cost of attendance for all graduate and professional students (determined under subparagraph (C)), the expected family contribution (determined under subparagraph (B)) for each income category, except that the amount computed by such subtraction for any income category shall not be less than zero;

"(E) multiply the amounts determined under subparagraph (D) by the number of eligible students in each category;

"(F) add the amounts determined under subparagraph (E) of this paragraph for each income category.

"(d) REALLOCATION OF EXCESS ALLOCATIONS.—If an institution returns to the Secretary any portion of the sums allocated to such institution under this section for any fiscal year the Secretary shall, in accordance with regulations, reallocate such excess to other institutions; except that the first $5,000,000 or portion thereof shall be reserved and divided equally between college work-study programs at the institutions which currently receive grants under title VIII of this Act and college work-study programs which provide opportunities for literacy related jobs.

"(e) FILING DEADLINES.—The Secretary shall, from time to time, set dates before which institutions must file applications for allocations under this part.

"SEC. 443. GRANTS FOR WORK-STUDY PROGRAMS.

"(a) AGREEMENTS REQUIRED.—The Secretary is authorized to enter into agreements with institutions of higher education under which the Secretary will make grants to such institutions to assist in the operation of work-study programs as provided in this part.

"(b) CONTENTS OF AGREEMENTS.—An agreement entered into pursuant to this section shall—

"(1) provide for the operation by the institution of a program for the part-time employment of its students in work for the institution itself or work in the public interest for a Federal, State, or local public agency or private nonprofit organization under an arrangement between the institution and such agency or organization, and such work—

"(A) will not result in the displacement of employed workers or impair existing contracts for services;

"(B) will be governed by such conditions of employment as will be appropriate and reasonable in light of such factors as type of work performed, geographical region, and proficiency of the employee;

"(C) does not involve the construction, operation, or maintenance of so much of any facility as is used or is to be used for sectarian instruction or as a place for religious worship; and

"(D) will not pay any wage to students employed under this subpart that is less than the current Federal minimum wage as mandated by section 6(a) of the Fair Labor Standards Act of 1938;

"(2) provide that funds granted an institution of higher education, pursuant to section 443, may be used only to make payments to students participating in work-study programs, except that an institution may use a portion of the sums granted to it to meet administrative expenses in accordance with section 489 of this Act, may use a portion of the sums granted to it to meet the cost of a job location and development program in accordance with section 446 of this part, and may transfer funds in accordance with the provisions of section 488 of this Act;

"(3) provide that in the selection of students for employment under such work-study program, only students who demonstrate financial need in accordance with the provisions of section 482, and who meet the requirements of section 484 will be assisted, except that, if the institution's grant under this part is based in part on the financial need demonstrated by students attending the institution less than full-time, a reasonable proportion of the institution's grant shall be made available to such students;

"(4) provide that for a student employed in a work-study program under this part, at the time income derived from any employment (including non-work-study or both) is in excess of the determination of the amount of such student's need by more than $200, continued employment shall not be subsidized with funds appropriated under this part;

"(5) provide that the Federal share of the compensation of students employed in the work study program in accordance with the agreement will not exceed 80 percent for academic years 1987–1988 and 1988–1989, 75 percent for academic year 1989–1990, and 70 percent for academic year 1990–1991 and succeeding academic years, except that the Federal share may exceed such amounts of such compensation if the Secretary determines, pursuant to regulations adopted and promulgated by him or her establishing objective criteria for such determinations, that a Federal share in excess of such amounts is required in furtherance of the purposes of this part;

"(6) include provisions to make employment under such work-study program reasonably available (to the extent of available funds) to all eligible students in the institution in need thereof, and to make equivalent employment offered or arranged by the institution reasonably available (to the extent of available funds) to all students in the institution who desire such employment;

"(7) provide assurances that employment made available from funds under this part will, to the maximum extent practicable, complement and reinforce the educational program or vocational goals of each student receiving assistance under this part;

"(8) include such other provisions as the Secretary shall deem necessary or appropriate to carry out the purposes of this part; and

"(9) provide that students attending proprietary institutions and receiving assistance under this part may be employed by the institution in jobs solely related to providing student services, as determined by the Secretary pursuant to regulations.

"(c) PRIVATE SECTOR EMPLOYMENT AGREEMENT.—In addition to the agreement described in subsection (b), an institution of higher education may, at its option, enter into an additional agreement with the Secretary which shall—

"(1) provide for the operation by the institution of a program of part-time employment of its students in work for a private for-profit organization under an arrangement between the institution and such organization that complies with the requirements of subparagraphs (A) through (D) of subsection (b)(1);

"(2) provides that the institution will use not more than 25 percent of the funds made available to such institution under this part for any fiscal year for the operation of the program described in paragraph (1);

"(3) provide that, notwithstanding subsection (b)(6), the Federal share of the compensation of students employed in such program will not exceed 60 percent for academic years 1987–1988 and 1988–1989, 55 percent for academic year 1989–1990, and 50 percent for academic year 1990–1991 and succeeding academic years, and that the non-Federal share of such compensation will be provided by the private for-profit organization to which the student is employed.

"SEC. 444. SOURCES OF MATCHING FUNDS.

"Nothing in this part shall be construed as restricting the source (other than this part)

from which the institution may pay its share of the compensation of a student employed under a work-study program covered by an agreement under this part, and such share may be paid to such student in the form of services and equipment (including tuition, room, board, and books) furnished by such institution.

"SEC. 445. FLEXIBLE USE OF FUNDS.

"(a) CARRY-OVER AUTHORITY.—Of the sums granted to an eligible institution under this part for any fiscal year, 10 percent may, at the discretion of the institution, remain available for expenditure during the succeeding fiscal year to carry out programs under this part. Any of the sums so granted to an institution for a fiscal year which are not needed by that institution to operate work-study programs during that fiscal year, and which it does not wish to use during the next fiscal year as authorized in the preceding sentence, shall remain available to the Secretary for making grants under section 443 to other institutions in the same State until the close of the second fiscal year next succeeding the fiscal year for which such funds were appropriated.

"(b) CARRY-BACK AUTHORITY.—Up to 10 percent of the sums the Secretary determines an eligible institution may receive from funds which have been appropriated for a fiscal year may be used by the Secretary to make grants under this part to such institution for expenditure during the fiscal year preceding the fiscal year for which the sums were appropriated.

"SEC. 446. JOB LOCATION AND DEVELOPMENT PROGRAMS.

"(a) AGREEMENTS REQUIRED.—The Secretary is authorized to enter into agreements with eligible institutions under which such institution may use not more than 20 percent or $50,000 of its allotment under section 445, whichever is less, to establish or expand a program under which such institution, separately, in combination with other eligible institutions, or through a contract with a nonprofit organization, locates and develops jobs for currently enrolled students which are suitable to the scheduling and other needs of such students.

"(b) CONTENTS OF AGREEMENTS.—Agreements under subsection (a) shall—

"(1) provide that the Federal share of the cost of any program under this section will not exceed 80 percent of such cost;

"(2) provide satisfactory assurance that funds available under this section will not be used to locate or develop jobs at an eligible institution;

"(3) provide satisfactory assurance that the institution will continue to spend in its own job location and development programs, from sources other than funds received under this section, not less than the average expenditures per year made during the most recent three fiscal years preceding the effective date of the agreement;

"(4) provide satisfactory assurance that funds available under this section will not be used for the location or development of jobs for students to obtain upon graduation, but rather for the location and development of jobs available to students during and between periods of attendance at such institution;

"(5) provide satisfactory assurance that the location or development of jobs pursuant to programs assisted under this section will not result in the displacement of employed workers or impair existing contracts for services;

"(6) provide satisfactory assurance that Federal funds used for the purposes of this section can realistically be expected to help generate student wages exceeding in the aggregate the amount of such funds and that if such funds are used to contract with another organization, appropriate performance standards are part of such contract; and

"(7) provide that the institution will submit to the Secretary an annual report on the uses made of funds provided under this section and an evaluation of the effectiveness of such program in benefiting the students of such institution.

"SEC. 447. WORK STUDY FOR COMMUNITY SERVICE-LEARNING ON BEHALF OF LOW-INCOME INDIVIDUALS AND FAMILIES.

"(a) PURPOSE.—The purpose of this section is to encourage and enable institutions of higher education to develop work study programs involving eligible students in community service-learning designed to develop, improve, or expand services for low-income individuals and families or to solve particular problems related to the needs of low-income individuals.

"(b) DEFINITIONS.—For the purpose of this section—

"(1) 'community service-learning' means a program of student work that—

"(A) provides tangible community services for or on behalf of low-income individuals or families; and

"(B) provides participating students with work-learning opportunities related to their educational or vocational programs or goals; and

"(2) 'community services' means direct service, planning or applied research activities designed to improve the quality of life for community residents, particularly low-income individuals, or to solve particular problems related to their needs including, but not limited to, such fields as health care, education, welfare, social services, public safety, crime prevention and control, transportation, recreation, housing and neighborhood improvement, rural development, and community improvement.

"(c) USE OF OTHER FUNDS TO CONDUCT PROGRAM.—Each institution participating under this part may use funds made available under the last sentence of section 489(a) to conduct that institution's program of community service-learning, including—

"(1) development of mechanisms to assure the academic quality of the student experience,

"(2) assuring student access to educational resources, expertise, and supervision necessary to achieve community service objectives, and

"(3) collaboration with public and private nonprofit agencies in the planning and administration of such programs.".

PART E—PERKINS LOANS

SEC. 461. AMENDMENT TO PART E OF THE ACT.

Part E of title IV of the Act is amended to read as follows:

"PART E—DIRECT LOANS TO STUDENTS IN INSTITUTIONS OF HIGHER EDUCATION

"SEC. 461. APPROPRIATIONS AUTHORIZED.

"(a) PROGRAM AUTHORITY.—The Secretary shall carry out a program of stimulating and assisting in the establishment and maintenance of funds at institutions of higher education for the making of low-interest loans to students in need thereof to pursue their courses of study in such institutions. Loans made under this part shall be known as 'Perkins Loans'.

"(b) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of enabling the Secretary to make contributions to student loan funds established under this part, there are authorized to be appropriated $300,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(2) In addition there are hereby authorized to be appropriated such sums for fiscal year 1991 and each of the five succeeding fiscal years as may be necessary to enable students who have received loans for academic years ending prior to October 1, 1991, to continue or complete courses of study.

"(c) USE OF APPROPRIATIONS.—Any sums appropriated pursuant to subsection (b) for any fiscal year shall be available for apportionment pursuant to section 462 and for payments of Federal capital contributions therefrom to institutions of higher education which have agreements with the Secretary under section 463. Such Federal capital contributions and all contributions from such institutions shall be used for the establishment, expansion, and maintenance of student loan funds.

"SEC. 462. ALLOCATION OF FUNDS.

"(a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—(1) From the amount appropriated pursuant to section 461(b), the Secretary shall first allocate to each eligible institution—

"(A) for fiscal year 1987 or 1988, an amount equal to 100 percent of the amount such institution expended under this part for fiscal year 1979; and

"(B) for each succeeding fiscal year, an amount equal to 95 percent of the amount such institution expended under this part for the second preceding fiscal year.

"(2) From the amount so appropriated, the Secretary shall next allocate to each eligible institution that began participation in the program under this part after fiscal year 1979, an amount equal to the greatest of—

"(A) $5,000;

"(B) an amount equal to (i) 90 percent of the amount expended under this part in the second preceding fiscal year by eligible institutions offering comparable programs of instruction, divided by (ii) the number of full-time equivalent students enrolled at such comparable institutions in such fiscal year, multiplied by (iii) the number of full-time equivalent students enrolled at the applicant institution in such fiscal year; or

"(C) 90 percent of the institution's allocation under this part for the preceding fiscal year.

(3) If the amount appropriated for any fiscal year is less than the amount required to be allocated to eligible institutions under paragraphs (1) and (2) of this subsection, then the amount of the allocation to each such institution shall be ratably reduced. If additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced (until the amount allocated equals the amount required to be allocated under paragraphs (1) and (2) of this subsection).

"(b) ALLOCATION OF EXCESS BASED ON SHARE OF EXCESS ELIGIBLE AMOUNTS.—(1) From the remainder of the amount appropriated pursuant to section 461(b) after making the allocations required by subsection (a), the Secretary shall allocate to each eligible institution which has an excess eligible amount (other than an institution participating in the program under this subpart for the first or second time) an amount which bears the same ratio to such remainder as such excess eligible amount bears to the sum of the excess eligible amounts of all such eligible

institutions (having such excess eligible amounts).

"(2) For any eligible institution (other than an institution participating in the program under this subpart for the first or second time), the excess eligible amount is the amount, if any, by which—

"(A)(i) the amount of that institution's need (as determined under subsection (c)), divided by (ii) the sum of the need of all institutions (as so determined), multiplied by (iii) the amount appropriated pursuant to section 461(b) for the fiscal year; exceeds

"(B) the amount required to be allocated to that institution under subsection (a).

"(3) For any eligible institution other than an institution that began participation in the program under this part after fiscal year 1979, the eligible amount of that institution is equal to—

"(A) the amount of the institution's self-help need, as determined under subsection (c); minus

"(B) the sum of (i) the institution's anticipated collections; and (ii) the institutions cash-on-hand, as determined under subsection (d); multiplied by

"(C)(i) the institution's default penalty, as determined under subsection (e), if the institution has a default rate in excess of 10 percent or (ii) one, if the institution has a default rate equal to or less than 10 percent;

except that, if the institution has a default rate in excess of 25 percent, the eligible amount of that institution is zero.

"(c) DETERMINATION OF INSTITUTION'S NEED.—(1) The amount of an institution's self-help need is equal to the sum of the self-help need of the institution's eligible undergraduate students and the self-help need of the institution's eligible graduate and professional students.

"(2) To determine the need of an institution's eligible undergraduate students, the Secretary shall—

"(A) establish various income categories for dependent and independent undergraduate students;

"(B) establish an expected family contribution for each income category of dependent and independent undergraduate students, determined on the basis of the average expected family contribution (computed in accordance with part F of this title) of a representative sample within each income category for the second preceding fiscal year;

"(C) compute 75 percent of the average cost of attendance (computed in accordance with section 472) for all undergraduate students;

"(D) multiply the number of eligible dependent students in each income category by the lesser of—

"(i) 25 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C); or

"(ii) the average cost of attendance (computed in accordance with section 472) for all undergraduate students minus the expected family contribution determined under subparagraph (B) of this paragraph for that income category, except that the amount computed by such subtraction shall not be less than zero;

"(E) add the amounts determined under subparagraph (D) of this paragraph for each income category of dependent students;

"(F) multiply the number of eligible independent students in each income category by the lesser of—

"(i) 25 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C); or

"(ii) the average cost of attendance (computed in accordance with section 472) for all undergraduate students minus the expected family contribution determined under subparagraph (B) of this paragraph for that income category, except that the amount computed by such subtraction for any income category shall not be less than zero;

"(G) add the amounts determined under subparagraph (F) of this paragraph for each income category of independent students; and

"(H) add the amounts determined under subparagraphs (E) and (G) of this paragraph.

"(3) To determine the self-help need of an institution's eligible graduate and professional students, the Secretary shall—

"(A) establish various income categories for graduate and professional students;

"(B) establish an expected family contribution for each income category of graduate and professional students, determined on the basis of the average expected family contribution (computed in accordance with part F of this title) of a representative sample within each income category for the second preceding fiscal year;

"(C) determine the average cost of attendance (computed in accordance with section 472) for all graduate and professional students;

"(D) subtract from the average cost of attendance for all graduate and professional students (determined under subparagraph (C)), the expected family contribution (determined under subparagraph (B)) for each income category, except that the amount computed by such subtraction for any income category shall not be less than zero;

"(E) multiply the amounts determined under subparagraph (D) by the number of eligible students in each category;

"(F) add the amounts determined under subparagraph (E) of this paragraph for each income category.

"(d) ANTICIPATED COLLECTIONS; CASH-ON-HAND.—(1) An institution's anticipated collections are equal to 90 percent of the amount which would be collected during the year preceding the beginning of the award period if all outstanding loans under this part were repaid in accordance with their respective repayment schedules.

"(2) An institution's cash-on-hand is the balance of the fund established under section 463 that is not obligated for expenditure as of the close of the preceding fiscal year.

"(e) DEFAULT PENALTY.—For any institution which has a default rate which exceeds 10 percent but does not exceed 25 percent, the institution's default penalty is a percentage equal to the complement of such default rate.

"(f) DEFINITION OF DEFAULT RATE.—(1) For purposes of this section, the default rate is computed by dividing—

"(A) the total principal amount of defaulted loans; by

"(B) the total principal amount of loans made under this part.

"(2) For purposes of paragraph (1)(A), the total principal amount of defaulted loans is equal to the total amount borrowed under loans that have reached repayment status and that are in default, minus—

"(A) amounts that have been repaid or cancelled on such loans;

"(B) loans discharged in bankruptcy;

"(C) loans referred or assigned to the Secretary for collection under paragraph (5)(A), (5)(B)(i), or (6) of section 463(a); and

"(D) loans that are in default but on which the borrowers have made satisfactory arrangements to resume payment.

"(3) A loan shall be considered to be in default—

"(A) 120 days (in the case of a loan repayable monthly), or

"(B) 180 days (in the case of a loan repayable quarterly),

after the borrower fails to make an installment payment when due or to comply with other terms of the promissory note.

"(g) FILING DEADLINES.—The Secretary shall, from time to time, set dates before which institutions must file applications for allocations under this part.

"SEC. 463. AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION.

"(a) CONTENTS OF AGREEMENTS.—An agreement with any institution of higher education for the payment of Federal capital contributions under this part shall—

"(1) provide for the establishment and maintenance of a student loan fund for the purposes of this part;

"(2) provide for the deposit in such fund of—

"(A) Federal capital contributions from funds appropriated under section 461;

"(B) a capital contribution by such institution in an amount equal to not less than one-ninth of the amount of the Federal capital contributions described in subparagraph (A);

"(C) collections of principal and interest on student loans made from deposited funds;

"(D) charges collected pursuant to regulations under section 464(c)(1)(H); and

"(E) any other earnings of the funds;

"(3) provide that such student loan fund shall be used only for—

"(A) loans to students, in accordance with the provisions of this part,

"(B) administrative expenses, as provided in subsection (b),

"(C) capital distributions, as provided in section 466, and

"(D) costs of litigation, and other collection costs agreed to by the Secretary in connection with the collection of a loan from the fund (and interest thereon) or a charge assessed pursuant to regulations under section 464(c)(1)(H);

"(4) provide that where a note or written agreement evidencing a note has been in default for (A) 120 days, in the case of a loan which is repayable in monthly installments, or (B) 180 days, in the case of a loan which is repayable in less frequent installments, notice of such default shall be given to the Secretary in a report describing the total number of loans from such fund which are in such default, and made to the Secretary at least semiannually;

"(5) provide that where a note or written agreement evidencing a loan has been in default despite due diligence on the part of the institution in attempting collection thereon—

"(A) if the institution has knowingly failed to maintain an acceptable collection record with respect to such loan, as determined by the Secretary in accordance with criteria established by regulation, the Secretary may—

"(i) require the institution to assign such note or agreement to the Secretary, without recompense; and

"(ii) apportion any sums collected on such a loan, less an amount not to exceed 30 percent of any sums collected to cover the Sec-

retary's collection costs, among other institutions in accordance with section 462; or

"(B) if the institution is not one described in subparagraph (A), the Secretary may—

"(i) allow such institution to transfer its interest in such loan to the Secretary, for collection, and the Secretary may use any collections thereon (less an amount not to exceed 30 percent of any such sums collected to cover the Secretary's collection costs) to make allocations to institutions of additional capital contributions in accordance with section 642;

"(ii) allow such institution to refer such note or agreement to the Secretary, without recompense, except that any sums collected on such a loan (less an amount not to exceed 30 percent of any such sums collected to cover the Secretary's collection costs) shall be repaid to such institution no later than 180 days after collection by the Secretary and treated as an additional capital contribution;

"(6) provide that, if an institution of higher education determines not to service and collect student loans made available from funds under this part, the institution will assign, at the beginning of the repayment period, notes or evidence of obligations of student loans made from such funds to the Secretary and the Secretary shall apportion any sums collected on such notes or obligations; less an amount not to exceed 30 percent of any such sums collected to cover that Secretary's collection costs, among other institution in accordance with section 462;

"(7) provide that, notwithstanding any other provision of law, the Secretary will provide to the institution any information with respect to the names and addresses of borrowers or other relevant information which is available to him, from whatever source such information may be derived;

"(8) provide assurances that the institution will comply with the provisions of section 463A;

"(9) include such other provisions as may be necessary to protect the financial interest of the United States and promote the purposes of this part as are agreed to by the Secretary and the institution.

"(b) ADMINISTRATIVE EXPENSES.—An institution which has entered into an agreement under subsection (a) shall be entitled, for each fiscal year during which it makes student loans from a student loan fund established under such agreement, to a payment in lieu of reimbursement for its expenses in administering its student loan program under this part during such year. Such payment shall be made in accordance with section 485.

"(c) COOPERATIVE AGREEMENTS WITH CREDIT BUREAU ORGANIZATIONS.—(1) For the purpose of promoting responsible repayment of loans made pursuant to this part, the Secretary shall enter into cooperative agreements with credit bureau organizations to provide for the exchange of information concerning student borrowers concerning whom the Secretary has received a referral pursuant to section 467.

"(2) Each cooperative agreement made pursuant to paragraph (1) shall be made in accordance with requirements of section 430(b)(2) except that such agreement shall provide for the disclosure by the Secretary to such organizations, with respect to any loan for which the Secretary is responsible, of—

"(A) the date of disbursement and the amount of any such loan;

"(B) information concerning collection of any such loan, including information concerning the status of any defaulted loan; and

"(C) the date of cancellation of the note upon completion of repayment by the borrower of any such loan.

"(3) Notwithstanding paragraphs (4) and (6) of subsection (a) of section 605 of the Fair Credit Reporting Act (15 U.S.C. 1681c(a)(4), (a)(6)), a consumer reporting agency may make a report containing information received from the Secretary regarding the status of a borrower's account on a loan made under this part until—

"(A) seven years from the date on which the Secretary accepted an assignment or referral of a loan, or

"(B) seven years from the date the Secretary first reports the account to a consumer reporting agency, if that account has not been previously reported by any other holder of the note.

"SEC. 463A. STUDENT LOAN INFORMATION BY ELIGIBLE INSTITUTIONS.

"(a) DISCLOSURE REQUIRED PRIOR TO DISBURSEMENT.—Each institution of higher education, in order to carry out the provisions of section 463(a)(8), shall, at or prior to the time such institution makes a loan to a student borrower which is made under this part, provide thorough and adequate loan information on such loan to the student borrower. Any disclosure required by this subsection may be made by an institution of higher education as part of the written application material provided to the borrower, or as part of the promissory note evidencing the loan, or on a separate written form provided to the borrower. The disclosures shall include:

"(1) the name of the institution of higher education, and the address to which communications and payments should be sent;

"(2) the principal amount of the loan;

"(3) the amount of any charges collected by the institution at or prior to the disbursal of the loan and whether such charges are deducted from the proceeds of the loan or paid separately by the borrower;

"(4) the stated interest rate on the loan;

"(5) the yearly and cumulative maximum amounts that may be borrowed;

"(6) an explanation of when repayment of the loan will be required and when the borrower will be obligated to pay interest that accrues on the loan;

"(7) a statement as to the minimum and maximum repayment term which the institution may impose, and the minimum monthly payment required by law and a description of any penalty imposed as a consequence of default, such as liability for expenses reasonably incurred in attempts by the Secretary or institutions to collect on a loan;

"(8) an explanation of any special options the borrower may have for loan consolidation or other refinancing of the loan;

"(9) a statement that the borrower has the right to prepay all or part of the loan, at any time, without penalty, a statement summarizing circumstances in which repayment of the loan or interest that accrues on the loan may be deferred, and a brief notice of the program for repayment of loans, on the basis of military service, pursuant to section 902 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141, note);

"(10) a definition of default and the consequences to the borrower if the borrower defaults, including a statement that the default may be reported to a credit bureau or credit reporting agency;

"(11) to the extent practicable, in effect of accepting the loan on the eligibility of the borrower for other forms of student assistance; and

"(12) an explanation of any cost the borrower may incur in the making or collection of the loan.

"(b) DISCLOSURE REQUIRED PRIOR TO REPAYMENT.—Each institution of higher education shall enter into an agreement with the Secretary under which the institution will, prior to the start of the repayment period of the student borrower on loans made under this part, disclose to the student borrower the information required under this subsection. Any disclosure required by this subsection may be made by an institution of higher education either in a promissory note evidencing the loan or loans or in a written statement provided to the borrower. The disclosures shall include:

"(1) the name of the institution of higher education, and the address to which communications and payments should be sent;

"(2) the scheduled date upon which the repayment period is to begin;

"(3) the estimated balance owed by the borrower on the loan or loans covered by the disclosure as of the scheduled date on which the repayment period is to begin (including, if applicable, the estimated amount of interest to be capitalized);

"(4) the stated interest rate on the loan or loans, or the combined interest rate of loans with different stated interest rates;

"(5) the nature of any fees which may accrue or be charged to the borrower during the repayment period;

"(6) the repayment schedule for all loans covered by the disclosure including the date the first installment is due, and the number, amount, and frequency of required payments;

"(7) an explanation of any special options the borrower may have for loan consolidation or other refinancing of the loan;

"(8) the projected total of interest charges which the borrower will pay on the loan or loans, assuming that the borrower makes payments exactly in accordance with the repayment schedule; and

"(9) a statement that the borrower has the right to prepay all or part of the loan or loans covered by the disclosure at any time without penalty.

"(c) COSTS AND EFFECTS OF DISCLOSURES.—Such information shall be available without cost to the borrower. The failure of an eligible institution to provide information as required by this section shall not (1) relieve a borrower of the obligation to repay a loan in accordance with its terms, (2) provide a basis for a claim for civil damages, or (3) be deemed to abrogate the obligation of the Secretary to make payments with respect to such loan.

"SEC. 464. TERMS OF LOANS.

"(a) TERMS AND CONDITIONS.—(1) Loans from any student loan fund established pursuant to an agreement under section 463, to any student by any institution shall, subject to such conditions, limitations, and requirements as the Secretary shall prescribe by regulation, be made on such terms and conditions as the institution may determine.

"(2) The aggregate of the loans for all years made by institutions of higher education from loan funds established pursuant to agreements under this part may not exceed—

"(A) $20,000 in the case of any graduate of professional student (as defined by regulations of the Secretary, and including any loans from such funds made to such person

before he became a graduate or professional student);

"(B) $10,000 in the case of a student who has successfully completed two years of a program of education leading to a bachelor's degree, but who has not completed the work necessary for such a degree (determined under regulations of the Secretary, and including any loans from such funds made to such person before he became such a student); and

"(C) $5,000 in the case of any other student.

"(3) Regulations of the Secretary under paragraph (1) shall be designed to prevent the impairment of the capital student loan funds to the maximum extent practicable and with a view toward the objective of enabling the student to complete his course of study.

"(b) DEMONSTRATION OF NEED AND ELIGIBILITY REQUIRED.—(1) A loan from a student loan fund assisted under this part may be made only to a student who demonstrates financial need in accordance with section 482 and who meets the requirements of section 484.

"(2) A priority shall be given, in selecting students for receipt of loans from a student loan fund assisted under this part, to students whose family income is below the median family income for all families in the United States, as determined by the Bureau of Labor Statistics.

"(3) If the institution's Federal capital contribution under section 461 is based in part on the financial need demonstrated by students attending the institution less than full-time, a reasonable proportion of the loans under this part shall be made available to such students.

"(c) CONTENTS OF LOAN AGREEMENT.— (1) Any agreement between an institution and a student for a loan from a student loan fund assisted under this part—

"(A) shall be evidenced by note or other written instrument which, except as provided in paragraph (2), provides for repayment of the principal amount of the loan, together with interest thereon, in equal installments (or, if the borrower so requests, in graduated periodic installments determined in accordance with such schedules as may be approved by the Secretary) payable quarterly, bimonthly, or monthly, at the option of the institution, over a period beginning nine months after the date on which the student ceases to carry, at an institution of higher education or a comparable institution outside the United States approved for this purpose by the Secretary, at least one-half the normal full-time academic workload, and ending ten years and nine months after such date except that such period may begin earlier than nine months after such date upon the request of the borrower;

"(B) shall include provision for acceleration of repayment of the whole, or any part, of such loan, at the option of the borrower;

"(C) may provide, at the option of the institution, in accordance with regulations of the Secretary, that during the repayment period of the loan, payments of principal and interest by the borrower with respect to all outstanding loans made to him from a student loan fund assisted under this part shall be at a rate equal to not less than $30 per month except that the institution may, subject to such regulations, permit a borrower to pay less than $30 per month for a period of not more than one year where necessary to avoid hardship to the borrower, but without extending the ten-year maximum repayment period provided for in clause (A) of this paragraph;

"(D) shall provide that the loan shall bear interest, on the unpaid balance of the loan, at the rate of 3 percent per year or 4 percent per year in the case of any loan made on or after July 1, 1981, or 5 percent per year in the case of any loan made on or after October 1, 1981, except that no interest shall accrue (i) prior to the beginning date of repayment determined under clause (A) (i) or (ii) during any period in which repayment is suspended by reason of paragraph (2);

"(E) unless the borrower is a minor and the note or other evidence of obligation executed by him would not, under applicable law, create a binding obligation, shall provide that the loan shall be made without security and without endorsement;

"(F) shall provide that the liability to repay the loan shall be canceled upon the death of the borrower, or if he becomes permanently and totally disabled as determined in accordance with regulations of the Secretary.

"(G) shall provide that no note or evidence of obligation may be assigned by the lender, except upon the transfer of the borrower to another institution participating under this part (or, if not so participating, is eligible to do so and is approved by the Secretary for such purpose), to such institution, and except as necessary to carry out section 463(a)(6);

"(H) pursuant to regulations of the Secretary, shall provide for an assessment of a charge with respect to the loan for failure of the borrower to pay all or part of an installment when due, which shall include the expenses reasonably incurred in attempting collection of the loan, to the extent permitted by the Secretary, except that no charge imposed under this clause shall exceed 20 percent of the amount of the monthly payment of the borrower; and

"(I) shall contain a notice of the system of disclosure of information concerning default on such loan to credit bureau organizations under section 463(c).

"(2)(A) No repayment of principal of, or interest on, any loan from a student loan fund assisted under this part shall be required during any period in which the borrower—

"(i) is carrying at least one-half the normal full-time academic workload at an institution of higher education or at a comparable institution outside the United States which is approved for this purpose by the Secretary.

"(ii) is a member of the Armed Forces of the United States, is an active duty member of the National Oceanic and Atmospheric Administration Corps, or is an officer in the Commissioned Corps of the Public Health Service;

"(iii) is in service as a volunteer under the Peace Corps Act;

"(iv) is in service as a volunteer under the Domestic Volunteer Act of 1973;

"(v) is in service, comparable to the service referred to in clauses (iii) and (iv), as a full-time volunteer for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1954;

"(vi) is engaged as a full-time teacher in a public or private elementary or secondary school;

"(vii) is serving an internship, the successful completion of which is required in order to receive professional recognition required to begin professional practice or service;

"(viii) is temporarily totally disabled (as defined in section 435(g)), as established by sworn affidavit of a qualified physician, or during which the borrower is unable to secure employment by reason of the care required by a spouse who is so disabled; or

"(ix) is on parental leave, as defined in section 435(h).

The period during which repayment may be deferred by reason of clause (ii), (iii), (iv), (v), or (viii) shall not exceed three years. The period during which repayment may be deferred by reason of clause (vi) shall not exceed five years. The period during which repayment may be deferred by reason of clause (vii) shall not exceed two years. The period during which repayment may be deferred by reason of clause (ix) shall not exceed six months.

"(B) Any period during which repayment is deferred under subparagraph (A) shall not be included in computing the ten-year maximum period provided for in clause (A) or paragraph (1).

"(C) No repayment of principal of, or interest on, any loan for any period of study, service, or disability described in subparagraph (A) or any combination thereof shall begin until six months after the completion of such period of study, service, disability, or combination thereof.

"(3)(A) The Secretary is authorized, when good cause is shown, to extend, in accordance with regulations, the ten-year maximum repayment period provided for in clause (A) of paragraph (1) with respect to individual loans.

"(B) Pursuant to uniform criteria established by the Secretary, the repayment period for any student borrower who during the repayment period is a low-income individual may be extended for a period not to exceed ten years and the repayment schedule may be adjusted to reflect the income of that individual.

"(4) The institution may elect—

"(A) to add the amount of any charge imposed under paragraph (1)(H) to the principal amount of the loan as of the first day after the day on which the installment was due and to notify the borrower of the assessment of the charge; or

"(B) to make the amount of the charge payable to the institution not later than the due date of the next installment.

"(d) AVAILABILITY OF LOAN FUND TO ALL ELIGIBLE STUDENTS.—An agreement under this part of payment of Federal capital contributions shall include provisions designed to make loans from the student loan fund established pursuant to such agreement reasonably available (to the extent of the available funds in such fund) to all eligible students in such institutions in need thereof.

"SEC. 465. CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE.

"(a) CANCELLATION OF PERCENTAGE OF DEBT BASED ON YEARS OF QUALIFYING SERVICE.—(1) The per centum specified in paragraph (3) of this subsection of the total amount of any loan made after June 30, 1972, from a student loan fund assisted under this part shall be canceled for each complete year of service after such date by the borrower under circumstances described in paragraph (2).

"(2) Loans shall be canceled under paragraph (1) for service—

"(A) as a full-time teacher for service in an academic year in a public or other nonprofit private elementary or secondary school which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965, and which for the purposes of this paragraph and for that year has been deter-

mined by the Secretary (pursuant to regulations and after consultation with the State educational agency of the State in which the school is located) to be a school in which the enrollment of children counted under section 111(c) of the Elementary and Secondary Education Act of 1965 exceeds 30 percent of the total enrollment of that school and such determination shall not be made with respect to more than 50 percent of the total number of schools in the State receiving assistance under such title I;

"(B) as a full-time staff member in a preschool program carried on under section 222(a)(1) of the Economic Opportunity Act of 1964 which is operated for a period which is comparable to a full school year in the locality: Provided, That the salary of such staff member is not more than the salary of a comparable employee of the local educational agency, or

"(C) as a full-time teacher of handicapped children in a public or other nonprofit elementary or secondary school system; or

"(D) as a member of the Armed Forces of the United States, for services that qualifies for special pay under section 310 of title 37, United States Code, as an area of hostilities.

For purposes of this paragraph, the term 'handicapped children' has the meaning set forth in section 602(1) of the Education of the Handicapped Act.

"(3)(A) The percent of a loan which shall be canceled under paragraph (1) of this subsection is—

"(i) in the case of service described in clause (A), or (C), of paragraph (2), at the rate of 15 percent for the first or second year of such service, 20 percent for the third or fourth year of such service, and 30 percent for the fifth year of such service;

"(ii) in the case of service described in clause (B) of paragraph (2) at the rate of 15 percent for each year of such service;

"(iii) in the case of service described in clause (D) of paragraph (2) not to exceed a total of 50 percent of such loan at the rate of 12½ percent for each year of qualifying service.

"(B) If a portion of a loan is canceled under this subsection for any year, the entire amount of interest on such loan which accrues for such year shall be canceled.

"(C) Nothing in this subsection shall be construed to authorize refunding of any repayment of a loan.

"(4) For the purposes of this subsection, the term 'year' where applied to service as a teacher means academic year as defined by the Secretary.

"(5) The amount of a loan, and interest on a loan, which is canceled under this section shall not be considered income for purposes of the Internal Revenue Code of 1954.

"(b) REIMBURSEMENT FOR CANCELLATION.—The Secretary shall pay to each institution for each fiscal year an amount equal to the aggregate of the amounts of loans from its student loan fund which are canceled pursuant to this section for such year, minus an amount equal to the aggregate of the amounts of any such loans so canceled which were made from Federal capital contributions to its student loan fund provided by the Secretary under section 468. None of the funds appropriated pursuant to section 461(b) shall be available for payments pursuant to this subsection.

"SEC. 466. DISTRIBUTION OF ASSETS FROM STUDENT LOAN FUNDS.

"(a) IN GENERAL.—After September 30, 1996, and not later than March 31, 1997, there shall be a capital distribution of the balance of the student loan fund established under this part by each institution of higher education as follows:

"(1) The Secretary shall first be paid an amount which bears the same ratio to the balance in such fund at the close of September 30, 1996, as the total amount of the Federal capital contributions to such fund by the Secretary under this part bears to the sum of such Federal contributions and the institution's capital contributions to such fund.

"(2) The remainder of such balance shall be paid to the institution.

"(b) DISTRIBUTION OF LATE COLLECTIONS.—After March 31, 1997, each institution with which the Secretary has made an agreement under this part, shall pay to the Secretary the same proportionate share of amounts received by this institution after September 30, 1996, in payment of principal and interest on student loans made from the student loan fund established pursuant to such agreement (which amount shall be determined after deduction of any costs of litigation incurred in collection of the principal or interest on loans from the fund and not already reimbursed from the fund or from such payments of principal or interest), as was determined for the Secretary under subsection (a).

"(c) DISTRIBUTION OF EXCESS CAPITAL.—Upon a finding by the institution or the Secretary prior to October 1, 1997, that the liquid assets of a student loan fund established pursuant to an agreement under this part exceed the amount required for loans or otherwise in the foreseeable future, and upon notice to such institution or to the Secretary, as the case may be, there shall be, subject to such limitations as may be included in regulations of the Secretary or in such agreement, a capital distribution from such fund. Such capital distribution shall be made as follows:

"(1) The Secretary shall first be paid an amount which bears the same ratio to the total to be distributed as the Federal capital contributions by the Secretary to the student loan fund prior to such distribution bear to the sum of such Federal capital contributions and the capital contributions to the fund made by the institution.

"(2) The remainder of the capital distribution shall be paid to the institution.

"SEC. 467. COLLECTION OF DEFAULTED LOANS.

"(a) AUTHORITY OF SECRETARY TO COLLECT REFERRED, TRANSFERRED, OR ASSIGNED LOANS.—With respect to any loan—

"(1) which was made under this part, and

"(2) which is referred, transferred, or assigned to the Secretary by an institution with an agreement under section 463(a),

the Secretary is authorized to attempt to collect such loan by any means authorized by law for collecting claims of the United States (including referral to the Attorney General for litigation) and under such terms and conditions as the Secretary may prescribe, including reimbursement for expenses reasonably incurred in attempting such collection.

"(b) COLLECTION OF REFERRED, TRANSFERRED, OR ASSIGNED LOANS.—The Secretary shall continue to attempt to collect any loan referred, transferred, or assigned under paragraph (5)(A), (5)(B)(i), or (6) of section 463(a) until all appropriate collection efforts, as determined by the Secretary, have been expended.

"SEC. 468. STATUTE OF LIMITATIONS.

"Notwithstanding any provision of State law that would set an earlier deadline for filing suit—

"(1) an institution which has an agreement with the Secretary pursuant to section 463(a) may file suit for collection of the amount due from a borrower on a loan made under this part during a period of time extending at least until a date six years (exclusive of periods during which the State statute of limitations period otherwise applicable to the suit would be tolled under State law) after the date of the default of the borrower with respect to that amount; and

"(2) subject to the provisions of section 2416 of title 28 of the United States Code, the Attorney General may file suit for collection of the amount due from a borrower on a loan made under this part until six years following the date on which the loan is assigned or referred to the Secretary under this part.

"SEC. 469. GENERAL AUTHORITY OF SECRETARY.

"In carrying out the provisions of this part, the Secretary is authorized—

"(1) to consent to modification, with respect to rate of interest, time of payment of any installment of principal and interest or any portion thereof, or any other provision of any note evidencing a loan which has been made under this part;

"(2) to enforce, pay, compromise, waive, or release any right, title, claim, lien, or demand, however acquired, including any equity or any right of redemption;

"(3) to conduct litigation in accordance with the provisions of section 432(a)(2); and

"(4) to enter into a contract or other arrangement with State or nonprofit agencies and, on a competitive basis, with collection agencies for servicing and collection of loans under this part.".

PART F—NEED ANALYSIS

SEC. 471. ADDITION OF A NEW PART F RELATING TO NEED ANALYSIS FOR STUDENT ASSISTANCE.

Title IV of the Act is further amended by redesignating part F as part G and by inserting after part E the following new part:

"PART F—NEED ANALYSIS

"SEC. 471. AMOUNT OF NEED.

"Except as otherwise provided therein, the amount of need of any student for financial assistance under this title (except subpart 3 of part A) is equal to the cost of attendance of such student minus the expected family contribution for such student.

"SEC. 472. COST OF ATTENDANCE.

"For the purposes of this title (subject to section 478), the term 'cost of attendance' means—

"(1) tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study;

"(2) an allowance for books, supplies, transportation, and miscellaneous personal expenses for a student attending the institution on at least a half-time basis, as determined by the institution;

"(3) an allowance (as determined by the institution) for room and board costs incurred by the student which—

"(A) shall be an allowance of not less than $1,500 for a student without dependents residing at home with parents;

"(B) for students without dependents residing in institutionally owned or operated housing, shall be a standard allowance determined by the institution based on the amount normally assessed most of its residents for room and board; and

"(C) for all other students shall be an allowance based on the expenses reasonably incurred by such students for room and board, except that the amount may not be less than $2,500;

"(4) for less than half-time students (as determined by the institution) tuition and fees and an allowance for books, supplies, and transportation (as determined by the institution);

"(5) for a student engaged in a program of study by correspondence, only tuition and fees and, if required, books and supplies, travel, and room and board costs incurred specifically in fulfilling a required period of residential training;

"(6) for a student enrolled in an academic program which normally includes a formal program of study abroad, reasonable costs associated with such study (as determined by the institution);

"(7) for a student with one or more dependents, an allowance (as determined by the institution) based on the expenses reasonably incurred for dependent care based on the number and age of such dependents;

"(8) for a handicapped student, an allowance (as determined by the institution) for those expenses related to his or her handicap, including special services, transportation, equipment, and supplies that are reasonably incurred and not provided for by other assisting agencies; and

"(9) for a student receiving all or part of his or her instruction by means of telecommunications technology, no distinction shall be made with respect to the mode of instruction in determining costs.

"SEC. 473. FAMILY CONTRIBUTION.

"For the purposes of this title, except subpart 3 of part A, the term 'family contribution' with respect to any student means the amount which the student and his or her family may be reasonably expected to contribute toward his or her postsecondary education for the academic year for which the determination is made, as determined in accordance with this part.

"SEC. 474. DATA ELEMENTS USED IN DETERMINING EXPECTED FAMILY CONTRIBUTION.

"The following data elements are considered in determining the expected family contribution:

"(1) the available income of (A) the student and his or her spouse; or (B) the student and the student's parents, in the case of a dependent student;

"(2) the number of dependents in the family of the student;

"(3) the number of dependents in the family of the student who are enrolled in, on at least a half-time basis, a program of postsecondary education and for whom the family may reasonably be expected to contribute to their postsecondary education;

"(4) the net assets of (A) the student and his or her spouse, and (B) the student and the student's parents, in the case of a dependent student;

"(5) the marital status of the student;

"(6) any unusual medical and dental expenses of (A) the student and the student's parents, in the case of a dependent student, or (B) the student and his or her spouse, in the case of an independent student;

"(7) the number of dependent children other than the student enrolled in a private elementary or secondary institution and the unreimbursed tuition paid (A) in the case of a dependent student, by the student's parents for such dependent children, or (B) in the case of an independent student with dependents, by the student or his or her spouse for such dependent children who are so enrolled; and

"(8) the additional expenses incurred (A) in the case of a dependent student, when both parents of the student are employed or when the family is headed by a single parent who is employed, or (B) in the case of an independent student, when both the student and his or her spouse are employed or when the employed student qualifies as a surviving spouse or as a head of a household under section 2 of the Internal Revenue Code of 1954.

"SEC. 475. FAMILY CONTRIBUTION FOR DEPENDENT STUDENTS.

"(a) COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.—For each dependent student the expected family contribution is equal to the sum of—

"(1) the parents' contribution from adjusted available income (determined in accordance with subsection (b));

"(2) the student contribution from available income (determined in accordance with subsection (g)); and

"(3) the student income supplemental amount from assets (determined in accordance with subsection (h)).

"(b) PARENTS' CONTRIBUTION FROM ADJUSTED AVAILABLE INCOME.—The parents' contribution from adjusted available income is equal to the amount determined by—

"(1) computing adjusted available income by adding—

"(A) the parents' contribution from available income (determined in accordance with subsection (c)); and

"(B) the parents' income supplemental amount from assets (determined in accordance with subsection (d));

"(2) assessing such adjusted available income in accordance with the assessment schedule set forth in subsection (e); and

"(3) dividing the assessment resulting under paragraph (2) by the number of family members who will be attending, on at least a half-time basis, a program of postsecondary education during the award period for which assistance under this title is requested.

"(c) PARENTS' CONTRIBUTION FROM AVAILABLE INCOME.—

"(1) IN GENERAL.—The parents' contribution from available income is determined by deducting from total income (as defined in section 480)—

"(A) Federal income taxes;

"(B) an allowance for State and other taxes, determined in accordance with paragraph (2);

"(C) an allowance for social security taxes, determined in accordance with paragraph (3);

"(D) a standard maintenance allowance, determined in accordance with paragraph (4);

"(E) an employment expense allowance, determined in accordance with paragraph (5); and

"(F) a medical-dental expense allowance, determined in accordance with paragraph (6);

"(G) an educational expense allowance, determined in accordance with paragraph (7).

"(2) ALLOWANCE FOR STATE AND OTHER TAXES.—The allowance for State and other taxes is equal to an amount determined by multiplying total income (as defined in section 480) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 479):

"Percentage for Computation of State and Other Tax Allowance

If parents' State or territory of residence is—	And parents' total income is—	
	less than $15,000	$15,000 or more
then the percentage is—		
American Samoa, Guam, Louisiana, Texas, Trust Territory, Virgin Islands, Wyoming	4	3
Florida, Nevada, Tennessee	5	4
Alabama, Indiana, Mississippi, North Dakota, Oklahoma, Puerto Rico, South Dakota, Washington, West Virginia	6	5
Arizona, Arkansas, Illinois, Kansas, Missouri, New Hampshire, New Mexico, Ohio	7	6
Alaska, Connecticut, Iowa, Georgia, Idaho, Kentucky, Montana, Nebraska, North Carolina, South Carolina	8	7
California, Colorado, Delaware, Maine, New Jersey, Oregon, Pennsylvania, Utah, Virginia, Canada, Mexico	9	8
Hawaii, Michigan, Vermont, District of Columbia	10	9
Maryland, Minnesota, Rhode Island, Wisconsin	11	10
Massachusetts	12	11
New York	14	13

"(3) ALLOWANCE FOR SOCIAL SECURITY TAXES.—Subject to section 479, the allowance for social security tax is equal to 7.15 percent of the first $41,700 earned by each parent, up to a maximum of $2,982 for each.

"(4) STANDARD MAINTENANCE ALLOWANCE.—The standard maintenance allowance is the amount of reasonable living expenses that would be associated with the maintenance of an individual or family. The standard maintenance allowance is determined by the following table (or a successor table prescribed by the Secretary under section 479):

"Standard Maintenance Allowance

Family Size (including student)	Number in College				
	1	2	3	4	5
2	$8,540				
3	10,640	$9,180			
4	13,140	11,670	$10,210		
5	15,500	14,040	12,570	$11,110	
6	18,140	16,670	15,210	13,750	$12,280
7	20,180	18,720	17,260	15,790	14,330
8	22,230	20,770	19,310	17,840	16,380
9	24,280	22,820	21,350	19,890	18,430
10	26,330	24,870	23,400	21,940	20,480
11	28,380	26,920	25,450	23,990	22,530
12	30,430	28,960	27,500	26,040	24,570
For Each Additional Add:	2,050	2,050	2,050	2,050	2,050

"(5) EMPLOYMENT EXPENSE ALLOWANCE.—The employment expense allowance is determined as follows:

"(A) If both parents were employed in the year for which their income is reported and both have their incomes reported in determining the expected family contribution, such allowance is equal to the lesser of $2,000 or 35 percent of the earned income of the parent with the lesser earned income.

"(B) If a parent qualifies as a head of household as defined in section 2 of the In-

ternal Revenue Code, such allowance is equal to the lesser of $2,000 or 35 percent of his or her earned income.

For any fiscal year after fiscal year 1988, this paragraph shall be applied by increasing the dollar amount specified in subparagraphs (A) and (B) to reflect increases in the amount and percent of the Bureau of Labor Standards budget of the marginal costs for meals away from home, apparel and upkeep, transportation, and housekeeping services for a two-worker versus one-worker family.

"(6) MEDICAL-DENTAL EXPENSE ALLOWANCE.—The medical-dental expense allowance is equal to the amount by which the sum of unreimbursed medical and dental expenses exceeds 5 percent of the total income of the parents.

"(7) EDUCATIONAL EXPENSE ALLOWANCE.—The educational expense allownce is equal to the unreimbursed tuition and fees paid by the student's parents for each dependent child, other than the student, enrolled in elementary or secondary school, not to exceed for each such child the national average per pupil instructional cost as published by the National Center for Educational Statistics using the most recent available data.

"(d) PARENTS' INCOME SUPPLEMENTAL AMOUNT FROM ASSETS.—

"(1) IN GENERAL.—The parents' income supplemental amount from assets is equal to—

"(A) the parental net worth (determined in accordance with paragraph (2)); minus

"(B) the asset protection allowance (determined in accordance with paragraph (3)); multiplied by

"(C) the asset conversion rate (determined in accordance with paragraph (4)).

"(2) PARENTAL NET WORTH.—The parental net worth is calculated by adding—

"(A) the current balance of checking and savings accounts and cash on hand;

"(B) the net value of investments and real estate, including the net value of the principal place of residence except in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a dislocated homemaker (as defined in section 480(e) of this Act); and

"(C) the adjusted net worth of a business or farm, computed on the basis of the net worth of such business or farm (hereafter referred to as 'NW'), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 479):

"Adjusted Net Worth of a Business or Farm

If the net worth of a business or farm is—	Then the adjusted net worth is:
Less than $1	$0
$1–$65,000	40 percent of NW
$65,001–$195,000	$26,000 plus 50 percent of NW over $65,000
$195,001–$325,000	$91,000 plus 60 percent of NW over $195,000
$325,001 or more	$169,000 plus 100 percent of NW over $325,000

"(3) ASSET PROTECTION ALLOWANCE.—The asset protection allowance is calculated according to the following table:

"Asset Protection Allowances for Families and Students

If the age of the oldest parent or student is—	And there are	
	two parents	one parent
then the asset protection allowance is—		
25 or less	$0	$0
26	1,800	1,400
27	3,600	2,900
28	5,500	4,300
29	7,300	5,800
30	9,100	7,200
31	10,900	8,700
32	12,700	10,100
33	14,600	11,600
34	16,400	13,000
35	18,200	14,500
36	20,000	15,900
37	21,800	17,400
38	23,700	18,800
39	25,500	20,300
40	27,300	21,700
41	27,900	22,200
42	28,600	22,800
43	29,400	23,200
44	30,200	23,800
45	31,000	24,400
46	32,100	25,000
47	32,900	25,500
48	33,800	26,100
49	35,000	26,800
50	35,900	27,500
51	37,100	28,300
52	38,400	29,000
53	39,700	29,800
54	41,000	30,700
55	42,300	31,500
56	43,700	32,400
57	45,200	33,200
58	46,700	34,200
59	48,500	35,300
60	50,000	36,400
61	52,000	37,500
62	54,000	38,600
63	56,000	39,800
64	58,500	41,200
65 or more	60,600	42,400

"(4) ASSET CONVERSION RATE.—The asset conversion rate is determined as follows:

"(A) if the parental net worth (determined in accordance with paragraph (2)) minus the asset protection allowance (determined in accordance with paragraph (3)) is equal to or greater than zero, the conversion rate is 12 percent;

"(B) if such parental net worth minus such asset protection allowance is less than zero and the parents' contribution from available income (determined in accordance with subsection (c)) is greater than $15,000, the conversion rate is zero percent;

"(C) if such parental net worth minus such asset protection allowance is less than zero and such parents' contribution from available income is equal to or greater than zero but less than $15,000, the conversion rate is equal to 6 percent multiplied by a fraction—

"(i) the numerator of which is equal to $15,000 minus such parents' contribution from available income; and

"(ii) the denominator of which is $15,000; and

"(D) if such parental net worth minus such asset protection allowance is less than zero and such parents' contribution from available income is less than zero, the conversion rate is 6 percent.

"(e) ASSESSMENT SCHEDULE.—The adjusted available income (as determined under subsection (b)(1) and hereafter in this subsection referred to as 'AAI') is assessed according to the following table (or a successor table prescribed by the Secretary under section 479):

"Parents' Assessment From Adjusted Available Income (AAI)

If AAI is—	Then the assessment is—
Less than −$3,409	−$750
−$3,409 to $7,600	22% of AAI
$7,601 to $9,500	$1,672 +25% of AAI over $7,600
$9,501 to $11,400	$2,147 +29% of AAI over $9,500
$11,401 to $13,300	$2,698 +34% of AAI over $11,400
$13,301 to $15,200	$3,344 +40% of AAI over $13,300
$15,201 or more	$4,104 +47% of AAI over $15,200

"(f) COMPUTATIONS IN CASE OF SEPARATED OR DIVORCED PARENTS.—

"(1) IN GENERAL.—If the student's parents are separated, or divorced and not remarried, only the income and assets of the parent with whom the student predominantly resided during the preceding year shall be included in computing available income for purposes of this section. If that parent has remarried, or if the parent was a widow or widower who has remarried, and that stepparent's income is also included in computing available income (as determined under paragraph (2)), the assets of that parent's spouse shall also be included for purposes of this section.

"(2) INCLUSION OF STEPPARENT'S INCOME IN AVAILABLE INCOME.—The stepparent's income is included in computing available income if—

"(A) the student's parent and the stepparent are married as of the date of application for the award year concerned; and

"(B) the student is not an independent student (as defined in section 480(d)).

"(g) STUDENT CONTRIBUTION FROM AVAILABLE INCOME.—

"(1) IN GENERAL.—The student contribution from available income is equal to—

"(A) the applicable minimum contribution (determined in accordance with paragraph (2)); minus

"(B) the adjustment to student income (determined in accordance with paragraph (3)).

"(2) APPLICABLE MINIMUM CONTRIBUTION.—The applicable minimum contribution is the greater of—

"(A) a mandatory self-help amount of $700 for a first-year undergraduate student;

"(B) a mandatory self-help amount of $900 for any other undergraduate student; or

"(C) an amount equal to 70 percent of the student's total income (determined in accordance with section 480).

"(3) ADJUSTMENT TO STUDENT INCOME.—The adjustment to student income is equal to the sum of—

"(A) estimated Federal income taxes of the student;

"(B) an allowance for State and local income taxes (determined in accordance with paragraph (4)); and

"(C) a social security allowance equal to 7.15 percent of the first $41,700 that the student is estimated to earn.

"(4) ALLOWANCE FOR STATE AND LOCAL INCOME TAXES.—The allowance for State and local income taxes is equal to an amount determined by multiplying total income (as defined in section 480) by a percentage determined according to the following table:

"Percentages for Computation of State and Local Income Tax Allowance

If the students' State or territory of residence is—	The percentage is—
American Samoa, Florida, Guam, Nevada, South Dakota, Tennessee, Texas, Trust Territory, Virgin Islands, Washington, Wyoming	0
Connecticut, Louisiana, New Hampshire	1
Illinois, Indiana, Mississippi, New Mexico, North Dakota, Puerto Rico	2
Alabama, Arizona, Colorado, Kansas, Missouri, Nebraska, Ohio, Oklahoma, West Virginia, New Jersey	3
Alaska, Arkansas, Georgia, Idaho, Iowa, Kentucky, Maine, Michigan, Montana, Pennsylvania, Rhode Island, South Carolina, Utah, Virginia, Canada, Mexico	4
California, Massachusetts, Hawaii, North Carolina, Vermont	5
District of Columbia, Maryland, Oregon, Wisconsin	6
Delaware, Minnesota, New York	7

"(h) STUDENT INCOME SUPPLEMENTAL AMOUNT FROM ASSETS.—The student supplemental income amount from assets is determined by multiplying by 35 percent the sum of—

"(1) the current balance of checking and savings accounts and cash on hand;

"(2) the net value of investments and real estate, including the net value in the principal place of residence except in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a dislocated homemaker (as defined in section 480(e) of this Act); and

"(3) the adjusted net worth of a business or farm, computed on the basis of the net worth of such business or farm (hereafter referred to as 'NW'), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 479):

"Adjusted Net Worth of a Business or Farm

If the net worth of a business or farm is—	Then the adjusted net worth is—
Less than $1	$0
$1–$65,000	40 percent of NW
$65,001–$195,000	$26,000 plus 50 percent of NW over $65,000
$195,001–$325,000	$91,000 plus 60 percent of NW over $195,000
$325,001 or more	$169,000 plus 100 percent of NW over $325,000

"SEC. 476. FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITHOUT DEPENDENTS.

"(a) COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.—For each independent student without dependents (including a spouse), the expected family contribution is equal to the sum of—

"(1) the student's contribution from income (determined in accordance with subsection (b)); and

"(2) the student's income supplemental amount from assets (determined in accordance with subsection (c)).

"(b) STUDENT'S CONTRIBUTION FROM INCOME.—

"(1) IN GENERAL.—The student's contribution from income is determined by—

"(A) computing the student's adjusted available income by deducting from the student's adjusted gross income—

"(i) Federal income taxes;

"(ii) an allowance for State and local income taxes, determined in accordance with paragraph (2);

"(iii) the allowance for social security taxes, determined in accordance with paragraph (3);

"(iv) a maintenance allowance for periods of non-enrollment not to exceed $1,750;

"(B) assessing such adjusted available income in accordance with paragraph (4); and

"(C) adding to the assessment resulting under subparagarph (B) the amount of the untaxed income and benefits of the student (determined in accordance with section 480(c)),

except that the student's contribution from income shall not be less than $1,200.

"(2) ALLOWANCE FOR STATE AND LOCAL INCOME TAXES.—The allowance for State and local income taxes is equal to an amount determined by multiplying total income (as defined in section 480) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 479):

"Percentages for Computation of State and Local Income Tax Allowance

If the students' State or territory of residence is—	The percentage is—
American Samoa, Florida, Guam, Nevada, South Dakota, Tennessee, Texas, Trust Territory, Virgin Islands, Washington, Wyoming	0
Connecticut, Louisiana, New Hampshire	1
Illinois, Indiana, Mississippi, New Mexico, North Dakota, Puerto Rico	2
Alabama, Arizona, Colorado, Kansas, Missouri, Nebraska, Ohio, Oklahoma, West Virginia, New Jersey	3
Alaska, Arkansas, Georgia, Idaho, Iowa, Kentucky, Maine, Michigan, Montana, Pennsylvania, Rhode Island, South Carolina, Utah, Virginia, Canada, Mexico	4
California, Massachusetts, Hawaii, North Carolina, Vermont	5
District of Columbia, Maryland, Oregon, Wisconsin	6
Delaware, Minnesota, New York	7

"(3) ALLOWANCE FOR SOCIAL SECURITY TAXES.—Subject to section 479, the allowance for social security tax is equal to 7.15 precent of the first $41,700 earned by the student, up to a maximum of $2,982 for each parent.

"(4) ASSESSMENT OF ADJUSTED AVAILABLE INCOME.—The student's adjusted available income (determined in accordance with paragraph (1)(A) of this subsection) is assessed as follows:

"(A) if such adjusted available income is equal to or greater than $0 but less than or equal to $8,900, then the assessment is equal to 70 percent of such adjusted available income; and

"(B) if such adjusted available income is greater than $8,900, then the assessment is equal to $6,230 plus 90 percent of such adjusted available income in excess of $8,900.

"(c) STUDENT'S INCOME SUPPLEMENTAL AMOUNT FROM ASSETS.—

"(1) IN GENERAL.—The student's income supplemental amount from assets is equal to—

"(A) the student's net worth (determined in accordance with paragraph (2)); minus

"(B) the asset protection allowance (determined in accordance with paragraph (3)); multiplied by

"(C) the asset conversion rate (determined in accordance with paragraph (4)).

"(2) STUDENT'S NET WORTH.—The student's net worth is calculated by adding—

"(A) the current balance of checking and savings accounts and cash on hand;

"(B) the net value of investments and real estate, including the net value in the principal place of residence except in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a dislocated homemaker (as defined in section 480(e) of this Act); and

"(C) the adjusted net worth of a business or farm, computed on the basis of the net worth of such business or farm (hereafter referred to as 'NW'), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 479):

"Adjusted Net Worth of a Business or Farm

If the net worth of a business or farm is—	Then the adjusted net worth is—
Less than $1	$0
$1–$65,000	40 percent of NW
$65,001–$195,000	$26,000 plus 50 percent of NW over $65,000
$195,001–$325,000	$91,000 plus 60 percent of NW over $195,000
$325,001 or more	$169,000 plus 100 percent of NW over $325,000

"(3) ASSET PROTECTION ALLOWANCE.—The asset protection allowance is calculated according to the following table:

"Asset Protection Allowances for Students

If the age of the student is—	Then the asset protection allowance is—
25 or less	$0
26	1,800
27	3,600
28	5,500
29	7,300
30	9,100
31	10,900
32	12,700
33	14,600
34	16,400
35	18,200
36	20,000
37	21,800
38	23,700
39	25,500
40	27,300
41	27,900
42	28,600
43	29,400
44	30,200
45	31,000
46	32,100
47	32,900
48	33,800
49	35,000
50	35,900
51	37,100
52	38,400
53	39,700
54	41,000
55	42,300
56	43,700
57	45,200
58	46,700
59	48,500
60	50,000
61	52,000
62	54,000
63	56,000
64	58,500
65 or more	60,600

"(4) ASSET CONVERSION RATE.—The asset conversion rate is 35 percent.

"SEC. 477. FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITH DEPENDENTS.

"(a) COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.—For each independent student with dependents (including a spouse) the expected family contribution is equal to the amount determined by—

"(1) computing adjusted available income by adding—

"(A) the family's contribution from available income (determined in accordance with subsection (b)); and

"(B) the family's income supplemental amount from assets (determined in accordance with subsection (c));

"(2) assessing such adjusted available income in accordance with an assessment schedule set forth in subsection (d); and

"(3) dividing the assessment resulting under paragraph (2) by the number of family members who will be attending, on at least a half-time basis, a program of postsecondary education during the award period for which assistance under this title is requested.

"(b) FAMILY'S CONTRIBUTION FROM AVAILABLE INCOME.—

"(1) IN GENERAL.—The family's contribution from available income is determined by deducting from total income (as defined in section 480)—

"(A) Federal income taxes;

"(B) an allowance for State and other taxes, determined in accordance with paragraph (2);

"(C) an allowance for social security taxes, determined in accordance with paragraph (3);

"(D) a standard maintenance allowance, determined in accordance with paragraph (4);

"(E) an employment expense allowance, determined in accordance with paragraph (5); and

"(F) a medical-dental expense allowance, determined in accordance with paragraph (6);

"(G) an educational expense offset, determined in accordance with paragraph (7).

except that the family's contribution from income shall not be less than $700 for a first year undergraduate student or $900 for any other student.

"(2) ALLOWANCE FOR STATE AND OTHER TAXES.—The allowance for State and other taxes is equal to an amount determined by multiplying total income (as defined in section 480) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 479):

"Percentages for Computation of State and Other Tax Allowance

If parents' State or territory-of-residence is—	and parents' total income is	
	less than $15,000	$15,000 or more
	then the percentage is—	
American Samoa, Guam, Louisiana, Texas, Trust Territory, Virgin Islands, Wyoming	4	3
Florida, Nevada, Tennessee	5	4
Alabama, Indiana, Mississippi, North Dakota, Oklahoma, Puerto Rico, South Dakota, Washington, West Virginia	6	5
Arizona, Arkansas, Illinois, Kansas, Missouri, New Hampshire, New Mexico, Ohio	7	6
Alaska, Connecticut, Iowa, Georgia, Idaho, Kentucky, Montana, Nebraska, North Carolina, South Carolina	8	7
California, Colorado, Delaware, Maine, New Jersey, Oregon, Pennsylvania, Utah, Virginia, Canada, Mexico	9	8
Hawaii, Michigan, Vermont, District of Columbia	10	9
Maryland, Minnesota, Rhode Island, Wisconsin	11	10
Massachusetts	12	11

"Percentages for Computation of State and Other Tax Allowance—Continued

If parents' State or territory-of-residence is—	and parents' total income is	
	less than $15,000	$15,000 or more
New York	14	13

"(3) ALLOWANCE FOR SOCIAL SECURITY TAXES.—The allowance for social security tax is equal to 7.15 percent of the first $41,700 earned by the student or spouse or both, up to a maximum of $2,982 for each.

"(4) STANDARD MAINTENANCE ALLOWANCE.—The standard maintenance allowance is the amount of reasonable living expenses that would be associated with the maintenance of an individual or family. The standard maintenance allowance is determined by the following table (or a successor table prescribed by the Secretary under section 479):

"Standard Maintenance Allowance

Family Size (including student)	Number in College				
	1	2	3	4	5
2	$8,540				
3	10,640	$9,180			
4	13,140	11,670	$10,210		
5	15,500	14,040	12,570	$11,110	
6	18,140	16,670	15,210	13,750	$12,280
7	20,180	18,720	17,260	15,790	14,330
8	22,230	20,770	19,310	17,840	16,380
9	24,280	22,830	21,350	19,890	18,430
10	26,330	24,870	23,400	21,940	20,480
11	28,380	26,920	25,450	23,990	22,530
12	30,430	28,960	27,500	26,040	24,570
For Each Additional Add	2,050	2,050	2,050	2,050	2,050

"(5) EMPLOYMENT EXPENSE ALLOWANCE.—The employment expense allowance is determined as follows:

"(A) If both the student and a spouse were employed in the year for which their income is reported and both have their incomes reported in determining the expected family contribution, such allowance is equal to the lesser of $2,000 or 35 percent of the earned income of the student or spouse with the lesser earned income.

"(B) If a student qualifies as a head of household as defined in section 2 of the Internal Revenue Code, such allowance is equal to the lesser of $2,000 or 35 percent of his or her earned income.

For any fiscal year after fiscal year 1988, this paragraph shall be applied by increasing the dollar amount specified in subparagraphs (A) and (B) to reflect increases in the Consumer Price Index.

"(6) MEDICAL-DENTAL EXPENSE ALLOWANCE.—The medical-dental expense allowance is equal to the amount by which the sum of unreimbursed medical and dental expenses exceeds 5 percent of the total income of the family.

"(7) EDUCATIONAL EXPENSE ALLOWANCE.—The educational expense allowance is equal to the unreimbursed tuition and fees paid by the student or the student's spouse, or both, for each dependent child, enrolled in elementary or secondary school, not to exceed for each such child the national average per pupil instructional cost as published by the National Center for Educational Statistics using the most recent available data.

"(c) FAMILY'S INCOME SUPPLEMENTAL AMOUNT FROM ASSETS.—

"(1) IN GENERAL.—The family's income supplemental amount from assets is equal to—

"(A) the family net worth (determined in accordance with paragraph (2)); minus

"(B) the asset protection allowance (determined in accordance with paragraph (3)); multiplied by

"(C) the asset conversion rate (determined in accordance with paragraph (4)).

"(2) FAMILY NET WORTH.—The family net worth is calculated by adding—

"(A) the current balance of checking and savings accounts and cash on hand;

"(B) the net value of investments and real estate, including the net value in the principal place of residence except in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a dislocated homemaker (as defined in section 480(e) of this Act); and

"(C) the adjusted net worth of a business or farm, computed on the basis of the net worth of such business or farm (hereafter referred to as 'NW'), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 479):

"Adjusted Net Worth of a Business or Farm

If the net worth of a business or farm is—	Then the adjusted net worth is—
Less than $1	$0
$1–$65,000	40 percent of NW
$65,001–$195,000	$26,000 plus 50 percent of NW over $65,000
$195,001–$325,000	$91,000 plus 60 percent of NW over $195,000
$325,001 or more	$169,000 plus 100 percent of NW over $325,000

"(3) ASSET PROTECTION ALLOWANCE.—The asset protection allowance is calculated according to the following table:

"Asset Protection Allowances for Families and Students

If the age of the student is—	And there are	
	two spouses	one spouse
	then the asset protection allowance is—	
25 or less	$0	$0
26	1,800	1,400
27	3,600	2,900
28	5,500	4,300
29	7,300	5,800
30	9,100	7,200
31	10,900	8,700
32	12,700	10,100
33	14,600	11,600
34	16,400	13,000
35	18,200	14,500
36	20,000	15,900
37	21,800	17,400
38	23,700	18,800
39	25,500	20,300
40	27,300	21,700
41	27,900	22,200
42	28,600	22,800
43	29,400	23,200
44	30,200	23,800
45	31,000	24,400
46	32,100	25,000
47	32,900	25,500
48	33,800	26,100
49	35,000	26,800
50	35,900	27,500
51	37,100	28,300
52	38,400	29,000
53	39,700	29,800
54	41,000	30,700
55	42,300	31,500
56	43,700	32,400
57	45,200	33,200
58	46,700	34,200
59	48,500	35,300
60	50,000	36,400
61	52,000	37,500
62	54,000	38,600
63	56,000	39,800
64	58,500	41,200

"Asset Protection Allowances for Families and Students—Continued

If the age of the student is—	And there are	
	two spouses	one spouse
65 or more	60,600	42,400

"(4) ASSET CONVERSION RATE.—The asset conversion rate is determined as follows:

"(A) if the family's net worth (determined in accordance with paragraph (2)) minus the asset protection allowance (determined in accordance with paragraph (3)) is equal to or greater than zero, the conversion rate is 12 percent;

"(B) if such family's net worth minus such asset protection allowance is less than zero and the family's contribution from available income (determined in accordance with subsection (c)) is greater than $15,000, the conversion rate is zero percent;

"(C) if such family's net worth minus such asset protection allowance is less than zero and such family's contribution from available income is equal to or greater than zero but less than $15,000, the conversion rate is equal to 6 percent multiplied by a fraction—

"(i) the numerator of which is equal to $15,000 minus such family's contribution from available income; and

"(ii) the denominator of which is $15,000; and

"(D) if such family's net worth minus such asset protection allowance is less than zero and such family's contribution from available income is less than zero, the conversion rate is 6 percent.

"(d) ASSESSMENT SCHEDULE.—The adjusted available income (as determined under subsection (a)(1) and hereafter referred to as 'AAI') is assessed according to the following table (or a successor table prescribed by the Secretary under section 479):

"Assessment from Adjusted Available Income (AAI)

If AAI is—	Then assessment is—
Less than −$3,409	−750
−$3,409 to $7,600	22% of AAI
$7,601 to $9,500	$1,672 + 25% of AAI over $7,600
$9,501 to $11,400	$2,147 + 29% of AAI over $9,500
$11,401 to $13,300	$2,698 + 34% of AAI over $11,400
$13,301 to $15,200	$3,344 + 40% of AAI over $13,300
$15,201 or more	$4,104 + 47% of AAI over $15,200

"SEC. 478. ADJUSTMENTS TO NEED ANALYSIS FOR PURPOSES OF THE PELL GRANT PROGRAM.

"(a) OFFSETS TO STUDENT CONTRIBUTION FROM AVAILABLE INCOME.—For the purposes of making awards under subpart 1 of part A of this title—

"(1) in determining the student contribution from available income for a dependent student under section 475(g)(1), the applicable minimum contribution (referred to in subparagraph (A) of such subsection) shall be reduced by both the adjustment to student income (referred to in subparagraph (B) of such subsection) and an additional allowance of $4,490, except that the subtraction of such additional allowance shall not result in a student contribution from available income that is less than zero; and

"(2) an independent student shall be allowed, in lieu of the offset of $1,750 for periods of nonenrollment under section 476(b)(1)(A)(IV), an offset of $5,520 to be subtracted from the student contribution from available income (as determined under section 476(b)(1)(A)), except that such subtraction shall not result in a student contribution from available income that is less than zero.

"(b) ALLOWANCES FOR ROOM AND BOARD COSTS.—For the purposes of determining the cost of attendance under section 472 for making awards under subpart 1 of part A of this title—

"(1) the allowance for room and board costs, books, supplies, transportation, and miscellaneous expenses incurred by the student shall not be greater than $1,700 for a student without dependents residing at home with parents; and

"(2) the allowance for room and board costs, books, supplies, transportation, and miscellaneous expenses incurred by the student shall not be greater than $2,300 for all other students;

except that, if the maximum award under such subpart is less than or greater than $2,300, then the dollar amounts specified in paragraphs (1) and (2) of this subsection shall be increased or decreased by an amount equal to the amount by which such maximum award is greater than or less than $2,300, respectively.

"SEC. 479. REGULATIONS.

"For the purposes of this part, the Secretary shall promulgate only such regulations as may be necessary to require the use of the most recent and relevant data for the following sections:

"(1) paragraphs (2) through (7) of subsection (c) and subsections (d)(2)(C), (d)(3), (e), (g)(3)(C), (g)(4), and (h)(3) of section 475;

"(2) subsections (b)(3), (b)(4), (c)(2)(C), and (c)(3) of section 476; and

"(3) paragraphs (2) through (7) of subsection (b) and subsections (c)(2)(C), (c)(3), and (d) of section 477.

"SEC. 480. DEFINITIONS.

"As used in this part:

"(a) TOTAL INCOME.—(1) Except as provided in paragraph (2), the term 'total income' is equal to adjusted gross income plus untaxed income and benefits for the preceding tax year.

"(2) The Secretary shall, within 30 days after the date of enactment of this subsection, promulgate special regulations to permit, in the computation of family contributions for the programs under subpart 1 of part A and part B of this title for any academic year beginning on or after July 1, 1985, the exclusion from family income of any proceeds of a sale of farm or business assets of that family if such sale results from a voluntary or involuntary foreclosure, forfeiture, liquidation, or bankruptcy.

"(b) UNTAXED INCOME AND BENEFITS OF PARENTS AND INDEPENDENT STUDENTS WITH DEPENDENTS.—The term 'untaxed income and benefits' when applied to parent contributions or the contributions of independent students with dependents (including spouses) means—

"(1) the Federal income tax deduction for a married couple when both work;

"(2) child support received for the student's children;

"(3) welfare benefits, including aid to families with dependent children and aid to dependent children;

"(4) untaxed portions of unemployment compensation, except in any case in which a student is a dislocated worker certified in accordance with title III of the Job Training Partnership Act;

"(5) workman's compensation;

"(6) veterans benefits such as death pension, dependency and indemnity compensation, and Veterans' Administration vocational rehabilitation program benefits (excluding educational benefits);

"(7) educational benefits received under chapter 31 or chapter 34 of title 38, United States Code, by family members excluding its student;

"(8) interest on tax-free bonds;

"(9) the amount of dividends excluded for Federal income tax purposes;

"(10) untaxed portions of pensions and capital gains;

"(11) housing, food, and other living allowances for military, clergy, and others (including cash payments and cash value of benefits);

"(12) Job Training Partnership Act noneducational benefits;

"(13) payments to individual retirement accounts and Keogh accounts;

"(14) the amount of earned income credit claimed for Federal income tax purposes;

"(15) credit for Federal tax on special fuels;

"(16) the amount of dividend reinvestment excluded for purposes of Federal income taxes;

"(17) the amount of foreign income excluded for purposes of Federal income taxes;

"(18) untaxed social security benefits; and

"(19) any other untaxed income and benefits, such as black lung or railroad retirement benefits.

"(c) UNTAXED INCOME AND BENEFITS OF DEPENDENT STUDENTS OR INDEPENDENT STUDENTS WITHOUT DEPENDENTS.—For the purposes of this part, the term 'untaxable income and benefits' when applied to the contributions of dependent students or independent students without dependents means—

"(1) veterans benefits such as death pension, dependency and indemnity compensation, and Veterans' Administration vocational rehabilitation program benefits (excluding educational benefits);

"(2) educational benefits received under chapter 31 or chapter 34 of title 38, United States Code, by the student,

"(3) interest on tax-free bonds;

"(4) the amount of dividends excluded for purposes of Federal income taxes;

"(5) untaxed portions of pensions and capital gains;

"(6) housing, food, and other living allowances for military, clergy, and others (including cash payments and cash value of benefits);

"(7) Job Training Partnership Act noneducational benefits, except in any case in which a student is a dislocated worker certified in accordance with title III of the Job Training Partnership Act;

"(8) untaxed portions of social security;

"(9) welfare benefits;

"(10) untaxed portions of unemployment compensation;

"(11) workman's compensation;

"(12) payments to individual retirement accounts and Keogh accounts;

"(13) credit for Federal tax on special fuels;

"(14) the amount of dividend reinvestment excluded for purposes of Federal income taxes;

"(15) the amount of foreign income excluded for purposes of Federal income taxes; and

"(16) any other untaxed income and benefits, such as black lung or railroad retirement benefits.

"(d) INDEPENDENT STUDENT.—The term 'independent' when used with respect to a student means any individual who is—

"(1) an orphan or ward of the court;

"(2) married;
"(3) not married, but has legal dependents;
"(4) a veteran of the Armed Forces of the United States;
"(5) 23 years of age or older on July 1 of the award year concerned;
"(6) a graduate or professional student;
"(7) a student with unusual circumstances as determined by the student financial aid administrator; or
"(8) a student who demonstrates through documentation acceptable to the student financial aid officer, total self-sufficiency during the two-year period preceding July 1 of the year in which the initial award will be granted.

"(e) DISPLACED HOMEMAKER.—The term 'displaced homemaker' means an individual who—
"(1) has not worked in the labor force for a substantial number of years but has, during those years, worked in the home providing unpaid services for family members;
"(2)(A) has been dependent on public assistance or on the income of another family member but is no longer supported by that income, or (B) is receiving public assistance on account of dependent children in the home; and
"(3) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

"SEC. 480A. DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS.

"Nothing in this part shall be interpreted as limiting the ability of the student financial aid administrator to make necessary adjustments to the need analysis computations which allow for treatment of individual students or groups of students with special circumstances. In addition, nothing in this part shall be interpreted as limiting the ability of the student financial aid administrator to use supplementary information about the financial status of eligible applicants in selecting recipients and determining the amount of awards under subparts 1 and 2 of part A and parts C and E of this title.".

PART G—REVISION OF GENERAL PROVISIONS

SEC. 481. AMENDMENT TO PART G OF TITLE IV OF THE ACT.

Part G of title IV of the Act, as redesignated by section 471, is amended to read as follows:

"PART G—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

"SEC. 481. DEFINITIONS.

"(a) INSTITUTION OF HIGHER EDUCATION.—(1) For the purposes of this title, except subpart 6 of part A and part B, the term 'institution of higher education' includes, in addition to the institutions covered by the definition contained in section 1201(a)—
"(A) a proprietary institution of higher education;
"(B) a postsecondary vocational institution;
"(C) a department, division, or other administrative unit in a college or university which provides primarily or exclusively an accredited program of education in professional nursing and allied subjects leading to the degree of bachelor of nursing, or to an equivalent degree, or to a graduate degree in nursing; and
"(D) a department, division, or other administrative unit in a junior college, community college, college, or university which provides primarily or exclusively an accredited two-year program of education in professional nursing and allied subjects leading to an associate degree in nursing or to an equivalent degree.

"(2) The term 'accredited' when applied to any program of nurse education means a program accredited by a recognized body or bodies approved for such purpose by the Secretary.

"(b) PROPRIETARY INSTITUTION OF HIGHER EDUCATION.—For the purposes of this section, the term 'proprietary institution of higher education' means a school (1) which provides not less than a six-month program of training to prepare students for gainful employment in a recognized occupation, (2) which meets the requirements of clauses (1) and (2) of section 1201(a), (3) which does not meet the requirement of clause (4) of section 1201(a), (4) which is accredited by a nationally recognized accrediting agency or association approved by the Secretary for this purpose, and (5) which has been in existence for at least two years. Such term also includes a proprietary educational institution in any State which, in lieu of the requirement in clause (1) of section 1201(a), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located and who have the ability to benefit (as determined by the institution under subsection (d) of this section) from the training offered by the institution. For purposes of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered.

"(c) POSTSECONDARY VOCATIONAL INSTITUTION.—For the purposes of this section, the term 'postsecondary vocational institution' means a school (1) which provides not less than a six-month program of training to prepare students for gainful employment in a recognized occupation, (2) which meets the requirements of clauses (1), (2), (4), and (5) of section 1201(a), and (3) which has been in existence for at least two years. Such term also includes an educational institution in any State which, in lieu of the requirement in clause (1) of section 1201(a), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located and who have the ability to benefit (as determined by the institution under subsection (d) of this section) from the training offered by the institution.

"(d) DETERMINATION OF ABILITY TO BENEFIT.—(1) An institution shall be presumed to have established acceptable criteria for the admission of students on the basis of their ability to benefit from the education or training offered, if the institution's admissions procedures for such students includes counseling or a validated test measuring the student's aptitude to successfully complete the program to which the student has applied.

"(2) An institution shall maintain complete records of the admissions criteria utilized for all students admitted under paragraph (1) of this subsection.

"(3) The Secretary shall not promulgate regulations defining the examination that may be used under paragraph (1) or other criteria that may be utilized by an institution in admitting students on the basis of their ability to benefit from the education or training offered.

"(e) ACADEMIC YEAR.—For the purpose of any program under this title, the term 'academic year' shall be defined by the Secretary by regulation.

"SEC. 482. MASTER CALENDAR.

"(a) SECRETARY REQUIRED TO COMPLY WITH SCHEDULE.—To assure adequate notification and timely delivery of student aid funds under this title, the Secretary shall adhere to the following calendar dates in the year preceding the award year:
"(1) Development and distribution of Federal and multiple data entry forms—
"(A) by February 1: first meeting of the Education Department's technical committee on forms design;
"(B) by March 1: Proposed family contribution schedule published in the Federal Register;
"(C) by June 1: final family contribution schedule;
"(D) by August 15: application for Federal student assistance and multiple data entry data elements and instructions approved;
"(E) by August 30: final approved forms delivered to servicers and printers;
"(F) by October 1: Federal and multiple data entry forms and instructions printed; and
"(G) by November 1: Federal and multiple data entry forms, instructions, and training materials distributed.
"(2) Allocations of campus-based and Pell Grant funds—
"(A) by August 1: distribution of institutional application for campus-based funds (FISAP) to institutions;
"(B) by October 1: final date for submission of FISAP by institutions to Department of Education;
"(C) by November 15: edited FISAP and computer printout received by institutions;
"(D) by December 1: appeals procedures received by institutions;
"(E) by December 15: edits returned by institutions to Department of Education;
"(F) by February 1: tentative award levels received by institutions and final Pell Grant payment schedule;
"(G) by February 15: closing date for receipt of institutional appeals by the Department of Education;
"(H) by March 1: appeals process completed;
"(I) by April 1: final award notifications sent to institutions;
"(J) by June 1: Pell Grant authorization levels sent to institutions.

"(b) TIMING FOR REALLOCATIONS.—With respect to any funds reallocated under section 413D(e) or 442(e), the Secretary shall reallocate such funds at any time during the course of the year that will best meet the purposes of the programs under subpart 2 of part A and part C, respectively. However, such reallocation shall occur at least once each year, not later than September 30 of that year.

"(c) DELAY OF EFFECTIVE DATE OF LATE PUBLICATIONS.—Any additional regulatory changes initiated by the Secretary affecting the general administration of the programs pursuant to this title that have not been published in final form by December prior to the start of the award year shall not become effective until the beginning of the second award year after the December 1 date.

"(d) NOTICE TO CONGRESS.—The Secretary shall notify the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives when the items specified in the calendar have been completed and provide all relevant forms, rules and instructions with such notice. When a deadline included in the calendar is not met, the Secretary, within seven days, shall submit to the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives a written report, including proper

documentation, as to why the deadline was not adhered to and a detailed plan for ensuring that subsequent dates are met. Nothing in this section shall be interpreted to penalize institutions or deny them the specified times allotted to enable them to return information to the Secretary based on the failure of the Secretary to adhere to the dates specified in this section.

"SEC. 483. FORMS AND REGULATIONS.

"(a) COMMON FINANCIAL AID FORM AND PROCESSING.—(1) The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall prescribe a common Federal financial aid application form to be used to determine the need and eligibility of a student for financial assistance under this title (other than under subpart 3 of part A). No student or parent of a student shall be charged a fee for processing the form prescribed by the Secretary whether the student completes that form or any other approved form. A student or parent may be charged a fee for processing an institutional or a State financial aid form or data elements that is not required by the Secretary.

"(2) The Secretary shall enter into not less than three contracts with States, institutions of higher education, or private organizations for the purpose of processing the application required under this subsection and issuing official eligibility reports.

"(3) The Secretary shall reimburse all approved contractors at a reasonable predetermined rate for processing such applications, for issuing eligibility reports, and for carrying out other services or requirements that may be prescribed by the Secretary.

"(4) All approved contractors will be required to adhere to all editing, processing, and reporting requirements established by the Secretary to ensure consistency.

"(5) The Secretary may contract for additional data gathering services to assist the Department in developing a Management Information System which will provide it with a representative statistical sample of applicants and recipients to assure coordination of financial aid from both Federal and non-Federal sources, and to provide information, training, and similar services to institutions, financial aid administrators, counselors, lenders, parents and students.

"(6) Nothing in this section shall prohibit States, institutions, or private organizations from simultaneously collecting data elements, in addition to the data elements prescribed by the Secretary, as may be necessary to determine the eligibility of a student for financial aid funds not covered by this title.

"(b) INFORMATION TO COMMITTEES OF CONGRESS.—Copies of all rules, regulations, guidelines, instructions, and application forms published or promulgated pursuant to this title shall be provided to the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives at least thirty days prior to their effective date.

"(c) INFORMATION ON ELIGIBILITY FOR ASSISTANCE.—To help insure access to postsecondary education by providing early notice to students of their potential eligibility for financial aid, the Secretary is authorized to enter into contracts with States, institutions of higher education, and private organizations for the purpose of—

"(1) developing a common pre-eligibility Federal financial aid form,

"(2) distributing and processing such form on a year-round basis free of charge to students, and

"(3) issuing on the basis of information reported by the student on such form a pre-eligibility index designed to estimate the amount of Federal (and, if feasible, non-Federal) funds for which the student might qualify in later completing and submitting the application form called for under this section.

The Secretary shall widely disseminate the pre-eligibility form through post offices and other appropriate Federal installations, schools, postsecondary institutions, libraries, and community-based agencies, including projects assisted under subparts 4 and 5 of part A of this title.

"(d) TOLL-FREE INFORMATION.—The Secretary shall contract for, or establish, and publicize a toll-free telephone number to provide timely and accurate information to the general public. The information provided shall include specific instructions on completing application forms for assistance under this title.

"(e) NOTICE OF STUDENT AID RECEIPT.—(1) The Secretary shall develop a single form on which the amount of assistance received under this title (except assistance received under subparts 4, 5, and 7 of part A) by each student who receives such assistance can be recorded. This form shall be titled "U.S. Department of Education, Federal Student Assistance Report". Such form shall have prominently displayed the Great Seal of the United States. Such form shall be the same or a closely similar color to that of checks issued by the Treasury Department and be provided by the Secretary free to eligible institutions in sufficient quantity and in a timely manner so that each eligible institution can provide a completed copy to each recipient of assistance under this title (except assistance received under subparts 4, 5, and 7 of part A) at the time awards are made but not less than once annually.

"(2) Eligible institutions shall provide to each recipient of assistance under this title (except assistance received under subparts 4, 5, and 7 of part A) a completed copy of the "United States Department of Education, Federal Student Assistance Report" form at the time awards are made but not less than once annually.

"SEC. 484. STUDENT ELIGIBILITY.

"(a) IN GENERAL.—In order to receive any grant, loan, or work assistance under this title, a student must—

"(1) be enrolled or accepted for enrollment in a degree, certificate, or other program leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of section 487;

"(2) if the student is presently enrolled at an institution, be maintaining satisfactory progress in the course of study the student is pursuing according to the standards and practices of the institution at which the student is in attendance;

"(3) not owe a refund on grants previously received at any institution under this title, or be in default on any loan from a student loan fund at any institution provided for in part E, or a loan made, insured, or guaranteed by the Secretary under this title for attendance at any institution;

"(4) file with the institution of higher education which the student intends to attend, or is attending (or in the case of a loan or loan guarantee with the lender), a statement of educational purpose (which need not be notarized but which shall include such student's social security number or, if the student does not have a social security number, such student's student identification number) stating that the money attributable to such grant, loan, or loan guarantee will be used solely for expenses related to attendance or continued attendance at such institution; and

"(5) be a citizen or national of the United States, a permanent resident of the United States, in the United States for other than a temporary purpose and able to provide evidence from the Immigration and Naturalization Service of his or her intent to become a permanent resident, a permanent resident of the Trust Territory of the Pacific Islands, Guam, or the Northern Mariana Islands, or a person having a certificate of graduation from a school providing secondary education in the United States.

"(b) ELIGIBILITY FOR STUDENT LOANS.—In order to be eligible to receive any loan under this title (other than a loan under section 428B or 428D) for any period of enrollment, a student who is not a graduate or professional student (as defined in regulations of the Secretary), and who is enrolled in a program at an institution which has a participation agreement with the Secretary to make awards under subpart 1 of part A of this title, shall—

"(1) have received a determination of eligibility or ineligibility for a grant under such subpart 1 for such period of enrollment; or

"(2) have (A) filed an application with the Pell Grant processor for such institution for such enrollment period; and (B) received from the financial aid administrator of the institution a preliminary determination of the student's eligibility or ineligibility for a grant under such subpart 1.

"SEC. 484A. STATUTE OF LIMITATIONS.

"(a) IN GENERAL.—Notwithstanding any provision of State law that would set an earlier deadline for filing suit—

"(1) an institution which receives funds under this title may file suit for collection of a refund due from a student on a grant made or work assistance awarded under this title during a period of time extending at least until a date six years (exclusive of periods during which the State statute of limitations period otherwise applicable to the suit would be tolled under State law) after the date the refund first became due; and

"(2) subject to the provisions of section 2416 of title 28 of the United States Code, the Attorney General may file suit for payment of a refund due from a student on a grant made under this title until six years following the date on which the refund first became due.

"(b) ASSESSMENT OF COSTS AND OTHER CHARGES.—Notwithstanding any provision of State law to the contrary, a borrower who has defaulted on a loan made under this title shall be required to pay, in addition to other charges specified in this title, reasonable collection costs.

"SEC. 485. INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION FOR STUDENTS.

"(a) INFORMATION DISSEMINATION ACTIVITIES.—(1) Each eligible institution participating in any program under this title shall carry out information dissemination activities for prospective and enrolled students (including those attending or planning to attend less than full-time) regarding the institution and all financial assistance under this title. The information required by this section shall be produced and be made readily available, through appropriate publications and mailings, to all current students, and to any prospective student upon re-

quest. The information required by this section shall accurately describe—

"(A) the student financial assistance programs available to students who enroll at such institution;

"(B) the methods by which such assistance is distributed among student recipients who enroll at such institution;

"(C) any means, including forms, by which application for student financial assistance is made and requirements for accurately preparing such application;

"(D) the rights and responsibilities of students receiving financial assistance under this title;

"(E) the cost of attending the institution, including (i) tuition and fees, (ii) books and supplies, (iii) estimates of typical student room and board costs or typical commuting costs, and (iv) any additional cost of the program in which the student is enrolled or expresses a specific interest;

"(F) a statement of the refund policy of the institution for the return of unearned tuition and fees or other refundable portion of cost, as described in clause (E) of this paragraph;

"(G) the academic program of the institution, including (i) the current degree programs and other educational and training programs, (ii) the instructional, laboratory, and other physical plant facilities which relate to the academic program, and (iii) the faculty and other instructional personnel;

"(H) each person designated under subsection (b) of this section, and the methods by which and locations in which any person so designated may be contacted by students and prospective students who are seeking information required by this subsection;

"(I) special facilities and services available to handicapped students;

"(J) the names of associations, agencies, or governmental bodies which accredit, approve, or license the institution and its programs, and the procedures under which any current or prospective student may obtain or review upon request a copy of the documents describing the institution's accreditation, approval, or licensing; and

"(K) the standards which the student must maintain in order to be considered to be making satisfactory progress, pursuant to section 484(a)(2).

"(2) For purposes of this section, the term 'prospective student' means any individual who has contacted an eligible institution requesting information concerning admission to that institution.

"(b) FINANCIAL ASSISTANCE INFORMATION PERSONNEL.—Each eligible institution shall designate an employee or group of employees who shall be available on a full-time basis to assist students or potential students in obtaining information as specified in subsection (a). The Secretary may, by regulation, waive the requirement that an employee or employees be available on a full-time basis for carrying out responsibilities required under this section whenever an institution in which the total enrollment, or the portion of the enrollment participating in programs under this title at that institution, is too small to necessitate such employee or employees being available on a full-time basis. No such waiver may include permission to exempt any such institution from designating a specific individual or a group of individuals to carry out the provisions of this section.

"(c) DEPARTMENTAL PUBLICATION OF DESCRIPTIONS OF ASSISTANCE PROGRAMS.—The Secretary shall make available to eligible institutions and secondary schools descriptions of Federal student assistance programs including the rights and responsibilities of student and institutional participants, in order to (1) assist students in gaining information through institutional sources, and (2) assist institutions in carrying out the provisions of this section, so that individual and institutional participants will be fully aware of their rights and responsibilities under such programs. In particular, such information shall include information to enable students and prospective students to assess the debt burden and repayment obligations that will be incurred as a result of receiving loans of varying amounts under this title. Such information shall be provided by eligible institutions at any time that information regarding loan availability is provided to any student.

"SEC. 486. TRAINING IN FINANCIAL AID AND STUDENT SUPPORT SERVICES.

"(a) PROGRAM AUTHORITY.—The Secretary is authorized to enter into contracts with appropriate public agencies or nonprofit private organizations or institutions of higher education to provide training for financial aid administrators, student peer counselors, student staff or volunteers, and other part-time staff and volunteers who provide financial aid, admissions and academic counseling and outreach, and student support programs in postsecondary education in postsecondary institutions, communities or statewide programs.

"(b) USE OF FUNDS.—Financial assistance under this section may be used for—

"(1) development of materials and inservice training and career awareness programs;

"(2) operation of short-term training institutes designed to improve the skills and career awareness of participants in such institutes; and

"(3) special programs to assist in training of students and part-time staff or volunteers at institutions eligible for assistance under title III of this Act.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $1,000,000 to carry out the provisions of this section for fiscal year 1987 and for each of the succeeding fiscal years ending prior to October 1, 1991.

"SEC. 487. PROGRAM PARTICIPATION AGREEMENTS.

"(a) REQUIRED FOR PROGRAMS OF ASSISTANCE; CONTENTS.—In order to be an eligible institution for the purposes of any program authorized under this title, an institution must be an institution of higher education or an eligible institution (as that term is defined for purposes of that program) and shall, except with respect to a program under subpart 3 of part A, enter into a program participation agreement with the Secretary. The agreement shall condition the initial and continuing eligibility of an institution to participate in a program upon compliance with the following requirements:

"(1) The institution will use funds received by it for any program under this title and any interest or other earnings thereon solely for the purposes specified in and in accordance with the provision of that program.

"(2) The institution shall not charge any student a fee for processing or handling any application, form, or data required to determine the student's eligibility for assistance under this title or the amount of such assistance, or for completing or handling the Federal Student Assistance Report provided for in section 483(e).

"(3) The institution will establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary or from students under this title.

"(4) The institution will comply with the provisions of subsection (b) of this section and the regulations prescribed under that subsection, relating to fiscal eligibility.

"(5) The institution will submit reports to the Secretary and, in the case of an institution participating in a program under part B or part E, to holders of loans made to the institution's students under such parts at such times and containing such information as the Secretary may reasonably require to carry out the purposes of this title.

"(6) The institution will comply with the requirements of section 485.

"(b) RECOVERY OF FUNDS.—If no fraud is involved, the Secretary may seek recovery of funds paid to an institution under this title only in those final audit or program review determinations pending on or made after the date of enactment of this sentence in which the disputed expenditures are not in substantial compliance with the law.

"(c) HEARINGS.—(1) An institution that has received written notice of a final audit or program review determination and that desires to have such determination reviewed by the Secretary shall submit to the Secretary a written request for review not later than forty-five days after receipt of notification of the final audit or program review determination.

"(2) The Secretary shall, upon receipt of written notice in (c)(1), arrange for a hearing on the record and notify the institution within thirty days of receipt of such notice the date, time and place of such hearing. Such hearing shall take place not later than 120 days from the date upon which the Secretary notifies the institution.

"(3) In all final audit or program review determinations pending on or made after the date of enactment of this section, the burden of proof shall be on the Secretary, and discovery shall be available to all parties under procedures provided under Rules 26, 28 through 34, and 36 of the Rules of Civil Procedure of the United States district courts.

"(d) AUDITS; FINANCIAL RESPONSIBILITY; ENFORCEMENT OF STANDARDS.—(1) Notwithstanding any other provisions of this title, the Secretary is authorized to prescribe such regulations as may be necessary to provide for—

"(A)(i) except as provided in clause (ii), a financial and compliance audit of an eligible institution, with regard to any funds obtained by it under this title or obtained from a student or a parent who has a loan insured or guaranteed by the Secretary under this title, at least once every two years and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organization, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

"(ii) with regard to an eligible institution which is audited under chapter 75 of title 31, United States Code, deeming such audit to satisfy the requirements of clause (i) for the period covered by such audit;

"(B) the establishment of reasonable standards of financial responsibility and appropriate institutional capability for the administration by an eligible institution of a program of student financial aid under this title;

"(C) the establishment, by each eligible institution under part B responsible for furnishing to the lender the statement required by section 428(a)(2)(A)(i), of policies and procedures by which the latest known address and enrollment status of any student who has had a loan insured under this part and who has either formally terminated his enrollment, or failed to re-enroll on at least a half-time basis, at such institution, shall be furnished either to the holder (or if unknown, the insurer) of the note, not later than sixty days after such termination or failure to reenroll; and

"(D) the limitation, suspension, or termination of the eligibility for any program under this title of any otherwise eligible institution, or the imposition of a civil penalty under paragraph (2)(B) whenever the Secretary has determined, after reasonable notice and opportunity for hearing on the record, that such institution has violated or failed to carry out any provision of this title or any regulation prescribed under this title, except that no period of suspension under this section shall exceed sixty days unless the institution and the Secretary agree to an extension or unless limitation or termination proceedings are initiated by the Secretary within that period of time.

"(2)(A) Upon determination, after reasonable notice and opportunity for a hearing on the record, that an eligible institution has engaged in substantial misrepresentation of the nature of its educational program, its financial charges, or the employability of its graduates, the Secretary may suspend or terminate the eligibility status for any or all programs under this title of any otherwise eligible institution, in accordance with procedures specified in paragraph (1)(D) of this subsection, until the Secretary finds that such practices have been corrected.

"(B)(i) Upon determination, after reasonable notice and opportunity for a hearing on the record, that an eligible institution—

"(I) has violated or failed to carry out any provision of this title or any regulation prescribed under this title; or

"(II) has engaged in substantial misrepresentation of the nature of its educational program, its financial charges, and the employability of its graduates,

the Secretary may impose a civil penalty upon such institution of not to exceed $25,000 for each violation or misrepresentation.

"(ii) Any civil penalty may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the appropriateness of the penalty to the size of the institution of higher education subject to the determination, and the gravity of the violation, failure, or misrepresentation shall be considered. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the institution charged.

"(3) The Secretary shall publish a list of State agencies which the Secretary determines to be reliable authority as to the quality of public postsecondary vocational education in their respective States for the purpose of determining eligibility for all Federal student assistance programs.

"(c) DEFINITION OF ELIGIBLE INSTITUTION.—For the purpose of this section the term 'eligible institution' means any such institution described in section 435(a) of this Act.

"SEC. 488. TRANSFER OF ALLOTMENTS.

"Up to 10 percent of the allotment of an eligible institution for a fiscal year under section 413D or 446 of this Act, may be transferred to, and used for the purposes of, the institution's allotment under the other section within the discretion of such institution in order to offer an arrangement of types of aid, including institutional and State aid, which best fits the needs of each individual student. The Secretary shall have no control over such transfer, except as specifically authorized, except for the collection and dissemination of information.

"SEC. 489. ADMINISTRATIVE EXPENSES.

"(a) AMOUNT OF PAYMENTS.—From the sums appropriated for any fiscal year for purposes of the program authorized under subpart 1 of part A, the Secretary shall reserve such sums as may be necessary to pay to each institution with which he has an agreement under section 487, an amount equal to $5 for each student at that institution who receives assistance under subpart 1 of part A. In addition, an institution which has entered into an agreement with the Secretary under subpart 2 of part A or part C (other than section 448), of this title or under part E of this title shall be entitled for each fiscal year which such institution disburses funds to eligible students under any such part to a payment for the purposes set forth in subsection (b). The payment for a fiscal year shall be payable from each such allotment by payment in accordance with regulations of the Secretary and shall be equal to 5 percent of the institution's first $2,750,000 of expenditures plus 4 percent of the institution's expenditures greater than $2,750,000 and less than $5,500,000, plus 3 percent of the institution's expenditures in excess of $5,500,000 during the fiscal year from the sum of its grants to students under subpart 2 of part A, its expenditures during such fiscal year under part C for compensation of students, and the principal amount of loans made during such fiscal year from its student loan fund established under part E, excluding the principal amount of any such loans which the institution has agreed to assign under section 463(a)(6)(B). The payment for a fiscal year for the purpose of subsection (b) with respect to section 448 shall be payable from each allotment under part C in accordance with regulations of the Secretary, and shall be 10 percent of the institution's expenditures during such fiscal year under such section.

"(b) PURPOSE OF PAYMENTS.—The sums paid to institutions under this part are for the sole purpose of offsetting the administrative costs of the programs described in subsection (a).

"SEC. 490. CRIMINAL PENALTIES.

"(a) IN GENERAL.—Any person who knowingly and willfully embezzles, misapplies, steals, or obtains by fraud, false statement, or forgery any funds, assets, or property provided or insured under this title shall be fined not more than $10,000 or imprisoned for not more than five years, or both; but if the amount so embezzled, misapplied, stolen, or obtained by fraud, false statement, or forgery does not exceed $200, the fine shall not be more than $1,000 and imprisonment shall not exceed one year, or both.

"(b) ASSIGNMENT OF LOANS.—Any person who knowingly and willfully makes any false statement, furnishes any false information, or conceals any material information in connection with the assignment of a loan which is made or insured under this title shall, upon conviction thereof, be fined not more than $1,000 or imprisoned not more than one year, or both.

"(c) INDUCEMENTS TO LEND OR ASSIGN.—Any person who knowingly and willfully makes an unlawful payment to an eligible lender under part B as an inducement to make, or to acquire by assignment, a loan insured under that part shall, upon conviction thereof, be fined not more than $1,000 or imprisoned not more than one year, or both.

"(d) OBSTRUCTION OF JUSTICE.—Any person who knowingly and willfully destroys or conceals any record relating to the provision of assistance under this title with intent to defraud the United States or to prevent the United States from enforcing any right obtained by subrogation under this part, shall upon conviction thereof, be fined not more than $10,000 or imprisoned not more than five years, or both.

"SEC. 491. ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE.

"(a) ESTABLISHMENT.—There is hereby established an Advisory Committee on Student Financial Assistance (henceforth referred to as the 'Committee') which shall provide advice and counsel to the Congress on student financial aid matters.

"(b) MEMBERSHIP.—The Advisory Committee shall have twelve members, six appointed by the President Pro Tempore of the Senate and six by the Speaker of the House of Representatives including, but not limited to representatives of States, institutions of postsecondary education, secondary schools, credit institutions, students, and parents.

"(c) OPERATIONS OF THE COMMITTEE.—(1) Each member of the Advisory Committee shall be appointed for a term of three years, except that, of the members first appointed—

"(A) four shall be appointed for a term of one year;

"(B) four shall be appointed for a term of two years; and

"(C) four shall be appointed for a term of three years;

"(2) Any member appointed to fill a vacancy occurring prior to the expiration of the term of a predecessor shall be appointed only for the remainder of such term. A member of the committee shall, upon his or her request, continue to serve after the expiration of a term until a successor has been appointed. A member of the committee may be reappointed to successive terms on the committee.

"(3) The Committee shall elect a Chairman and a Vice Chairman from among its members.

"(4) Six members of the Committee shall constitute a quorum but a lesser number of two or more may conduct hearings.

"(5) The Committee shall meet at the call of the Chairman or a majority of its members.

"(d) FUNCTIONS OF THE COMMITTEE.—The Committee shall—

"(1) monitor, apprise, and evaluate the effectiveness of student aid delivery and recommend improvements;

"(2) recommend data collection needs and student information requirements which would improve access and choice for eligible students under this title and assist the Department of Education in improving the delivery of student aid and in assessing the impact of legislative and administrative policy proposals;

"(3) review and comment upon, prior to promulgation, all regulations affecting programs under this title, including proposed regulations;

"(4) conduct studies, surveys and analyses of student financial assistance programs, policies and practices, including the special needs of low income, disadvantaged and non-traditional students, and the means by which these needs may be met;

"(5) review and comment upon standards by which financial need is measured in determining eligibility for Federal student assistance programs;

"(6) promote research and development activities which will improve the system of data collection;

"(7) review and comment and promote research and development of the student information system established under section 483(c) and (d) of this part;

"(8) appraise the adequacies and deficiencies of current student financial aid information resources and services and evaluate the effectiveness of current student aid information programs.

"(9) publish and disseminate such interim reports as it considers appropriate and submit an annual report to the Congress on the state of student assistance, including assistance under this title, State scholarship assistance, need-based institutional loan and grant programs, and all other forms and sources of such assistance.

"(e) SUBMISSION TO DEPARTMENT FOR COMMENT.—The Committee may submit any of its studies or recommendations to the Department of Education for comment for a period not to exceed 30 days in each instance.

"(f) COMPENSATION AND EXPENSES.—(1) Members of the Committee who are officers or full-time employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States; but they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"(2) Members of the Committee who are not officers or full-time employees of the United States may each receive $150 per diem when engaged in the actual performance of duties vested in the Commission. In addition, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"(g) PERSONNEL AND RESOURCES.—Such personnel as the Committee deems necessary may be appointed by the Committee without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subtitle III of chapter 53 of such title relating to classification and General Schedule pay rates, but no individual so appointed shall be paid in excess of the rate authorized for GS-18 of the General Schedule:

"(1) The Committee or, on the authorization of the Committee, any subcommittee thereof, may, for the purpose of carrying out the provisions of the Act, hold such hearings and sit and act at such times and such places as the Committee or such subcommittee may deem advisable.

"(2) In carrying out its duties under the Act, the Committee shall consult with other Federal agencies, representatives of State and local governments, and private organizations to the extent feasible.

"(3) The Committee is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality, information, suggestions, estimates, and statistics for the purpose of this section and each such department, bureau, agency, board, commission, office, independent establishment or instrumentality is authorized and directed to the extent permitted by law, to furnish such information, suggestions, estimates, and statistics directly to the Committee, upon request made by the Chairman.

"(4) For the purpose of securing necessary data and information the Committee may enter into contracts with universities, research institutions, foundations, and other competent public or private agencies. For such purpose, the Committee is authorized to obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code.

"(5) The heads of all Federal agencies are, to the extent not prohibited by law, directed to cooperate with the Committee in carrying out this section.

"(6) The Committee is authorized to utilize, with their consent, the services, personnel, information and facilities of other Federal, State, local and private agencies with or without reimbursement.

"(h) There is authorized to be appropriated an amount not to exceed $750,000 for each of the fiscal years beginning on or after October 1, 1986, to carry out the provisions of this section, which shall remain available until expended or until the termination of the Committee whichever occurs first.".

"SEC. 492. DATA COLLECTION.

"(a) PURPOSES OF SURVEY.—The Secretary shall survey student aid recipients on a regular cycle, but not less than once every three years, to—

"(1) identify the population of students receiving Federal student aid;

"(2) determine the income distribution and other socioeconomic characteristics of federally aided students;

"(3) describe the combinations of aid from State, Federal, and private sources received by students from all income groups; and

"(4) disseminate such information in both published and machine readable form.

"(b) BREADTH AND DESIGN OF SURVEY.—The survey shall be representative of full-time and part-time, undergraduate, graduate, and professional students in all types of institutions, and should be designed and administered in consultation with the Congress and the postsecondary education community.

"SEC. 493. NATIONAL COMMISSION ON RESPONSIBILITIES FOR FINANCING THE COSTS OF POSTSECONDARY EDUCATION.

"(a) FINDINGS.—The Congress finds—

"(1) that institutions of higher education in our Nation and their human and intellectual resources are critical to the future of the American society, and the Nation's economic potential, its strength, security, and freedom, and the quality of life for all citizens are tied to the quality and extent of higher education available;

"(2) that it is the responsibility of the Federal Government to establish a clearly defined national policy regarding—

"(A) the role and expectations of respective institutions in society (the family unit, institutions of higher education, government, and the individual in financing the costs of postsecondary education);

"(B) the most efficient and effective use of limited Federal, State, and private resources for supplementing the family effort in financing postsecondary education and for creating incentives for individuals and families to plan for financing postsecondary education; and

"(3) the appropriate response to economic, budgetary, demographic, and social changes which will require individuals, families, institutions of higher education, and government to plan and adapt to the future needs for student financial assistance for postsecondary education.

"(b) ESTABLISHMENT OF THE COMMISSION.—(1) There is established as an independent agency in the executive branch a Commission to be known as the National Commission on Family Responsibilities for Financing Postsecondary Education (hereafter in this section referred to as the 'Commission').

"(2) The Commission shall be composed of 9 members, three of whom shall be appointed by the President, three of whom shall be appointed by the Speaker of the House of Representatives, and three of whom shall be appointed by the majority leader of the Senate. The membership of the Commission shall provide expertise and experience in the provision and financing of postsecondary education, including student financial aid administrators, secondary school administrators, individuals skilled in education economics research, individual having expertise in the development of standards and systems of need analysis for student assistance programs, and individuals with particular expertise in credit financing for postsecondary education.

"(c) DUTIES OF THE COMMISSION.—

"(1) IN GENERAL.—The Commission shall study and investigate the extent to which—

"(A) there is a consistent and coherent Federal policy regarding the appropriate family role in financing the costs of postsecondary education for family members;

"(B) the current Federal laws and regulations promote the stated Federal policy; and

"(C) the extent to which State laws which remove parental responsibilities for children over 18 years of age conflict with Federal policy in this area.

"(2) REPORT AND RECOMMENDATIONS.—The Commission shall—

"(A) summarize the appropriate findings of the National Commission on Student Financial Assistance;

"(B) recommend to the Congress a comprehensive analysis on the extent to which a consensus exists regarding the appropriate role of the family in financing postsecondary education;

"(C) to the extent that a consensus exists, recommend changes in current law that would be required to achieve the desired Federal policy, including recommendations on Federal incentives to encourage families to plan and save for their financial responsibilities in financing postsecondary education for family members taking into account the needs of future generations.

"(d) SPECIFIC REQUIREMENTS.—In carrying out its responsibilities under subsection (c), the Commission shall make a study of the following areas:

"(1) NEED ANALYSIS.—

"(A) The most appropriate mechanisms for measuring student and family ability to pay for postsecondary education.

"(B) The incentives and disincentives for family saving in existing need analysis systems.

"(C) The feasibility and impact of different need analysis systems and eligibility formulas for determining student and family contributions for Federal and non-Federal grant, loan, and work-study programs.

"(D) The extent to which existing systems of need analysis take into account the cir-

cumstances of older and non-traditional students, students with minor dependents, and divorced and separated parents.

"(E) The extent to which existing systems of need analysis recognize differing regional economic conditions.

"(F) The feasibility of a simplified need analysis system for determining ability to pay for low-income families, economically disadvantaged families, and families receiving public assistance benefits.

"(G) The postsecondary education financing 'partnership', and the impact of external influences, such as economic conditions or State-level initiatives, that affect the balance of financial support among students and their families, the Federal Government, States, postsecondary institutions, credit institutions, and the private sector.

"(2) STUDENT INDEPENDENCE.—The most appropriate mechanisms and factors to be considered in determining student independence and self-support and in determining when families should be expected to provide parental financial information in determining expected family contributions for Federal student assistance programs.

"(3) PARENTAL RESPONSIBILITY.—In consultation and cooperation with associations of higher education institutions and administrators, secondary schools, student and parent associations, and other organizations, the most effective means of reinforcing and promoting the principle of parental responsibility for contributing, to the extent that they are able, to the costs of their children's postsecondary education.

"(4) STUDENT RESPONSIBILITY.—The most effective mechanisms for measuring student ability to contribute to educational cost through earnings and savings, the extent to which such mechanisms reflect the circumstances of students from disadvantaged families, and the existing levels of student contributions from past, current, and future earnings.

"(5) EARLY INFORMATION, PLANNING, AND INFORMATION TECHNOLOGY.—The extent to which programs providing early information on postsecondary education, costs, and financial aid programs to students and their families influence educational opportunity and family saving.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $1,500,000.

"(f) TERMINATION.—The Commission shall terminate two years after the initial appointment of members.".

SEC. 482. CONFORMING PROVISION.

The Student Financial Assistance Technical Amendments Act of 1982 is repealed.

AMENDMENT OFFERED BY MR. COLEMAN OF MISSOURI

Mr. COLEMAN of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLEMAN of Missouri: Page 153, line 23, after "Secretary)" insert the following: ", excluding any amount of such loans made available (pursuant to section 428(a)(2)(D)) to cover the origination fee with respect to such loans,".

Page 174, line 17, insert before the period the following: ", increased by an amount necessary to cover the origination fee with respect to such loan (as authorized by section 438(c))".

Page 178, line 19, after "in any amount" insert the following: ", excluding any amount of such loans made available (pursuant to section 428(a)(2)(D)) to cover the origination fee with respect to such loans,".

Page 278, beginning on line 7, strike out "an origination fee" and all that follows through line 20, and insert in lieu thereof the following: "an origination fee in an amount not to exceed 5 percent of the principal amount of the loan, which may be deducted from the proceeds of the loan prior to payment to the borrower.".

Mr. COLEMAN of Missouri (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COLEMAN of Missouri. Mr. Chairman, I rise to offer this amendment in an attempt to save some money in a program where it is very difficult to find money to save without hurting individuals who are recipients of our loan program.

This amendment deals with the loan origination fee. Right now students taking out a loan have to pay 5 percent up front of their student loan back to the Federal Government in the form of a loan origination fee. This fee is quite regressive in that a student who borrows the full amount actually receives only 95 percent of the loan. For example, an undergraduate who borrows the maximum amount allowed today of $2,500 actually receives $2,375, but is obligated to pay back the full $2,500.

The loan origination fee was part of the 1981 amendment and was offered in the hope of saving some money. And we have saved some money. It kept down the cost of the program and it has served its purpose well.

At the same time, we have added a lot of pressure on students and their families to meet the financial responsibilities of going to school, because educational costs have continued to increase.

Unfortunately, when you try to do away with the loan origination fee, you also create additional costs to the program of $2 billion over the full term of this bill. Under the terms of the draft that we have before us, under the bill passed by the committee, we have a phased-out loan origination fee over a period of time, phasing this out beginning in 1988 by 1 percent per year. Even still with this phase-out, it is going to cost $730 million additional in costs to the program by having the phase-out come into existence.

Therefore, I believe that we can save money and reduce the deficit by adopting my amendment which does the following:

My amendment reinstates the loan origination fee but also increases the principal amount that an individual will receive by the additional 5 percent, therefore, allowing the student to borrow the loan origination fee and repay it, not when they are students going through school, but rather when they are out of school and able to better afford to pay back the fee.

□ 1725

This amendment has a very slight impact upon repayment by the borrower when he pays back his loan. For example, a student with a $4,000 debt would have his monthly payment increased by $3.25 a month under my amendment.

In essence, what we are doing is we are transferring the cost of the loan origination fee as the bill has it to the taxpayers, and trying to take it back and spreading it throughout the cost of the program to those people who are borrowing. Again, not taking away any moneys when they need it, which is when they are in school, paying for their tuition, but afterward to have them pay it back and, therefore, spread that cost by the borrowers.

It is not onerous; it does cost additional payments per month, but it will save $560 million of this program over the 5 years of the reauthorization.

I know that Chairman FORD and I had discussed this proposal, and I would at this time yield to the gentleman from Michigan for I hope his supportive comments regarding this cost-saving amendment which does not hurt students in their years in which they are going to school.

Mr. FORD of Michigan. I thank the gentleman for yielding.

Mr. Chairman, in the subcommittee we had some disagreement about two particular provisions; one mine and one his. The gentleman and I have worked on the language of his. It satisfies the reservations that I had and indeed it is striking from the bill language that I was personally responsible for putting in; but I think in fact, while it appears to be more costly to students, in fact it puts more money at the disposal of the students while they are in school then would my phased-in elimination of the origination fee. Therefore, I am happy to accept the gentleman's amendment.

Mr. COLEMAN of Missouri. I thank the gentleman for his remarks.

Mr. BARTLETT. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I take this opportunity to compliment both the chairman of the subcommittee and the ranking member for making this improvement in the legislation. In fact, what this amendment does, as well as several other amendments that I will be offering, and others, is to restore what is current law; the original committee bill, or H.R. 3700, had increased the costs of what is current law in this particular area and in several others.

So it is a reasonable amendment that restores current law to require a 5-percent origination fee. I think the two gentleman also make a correct

analysis; and that is to permit that 5-percent origination fee to permit a modest increase in the loan limit so that the student can in fact capitalize that origination fee and then repay it when the student is no longer a student; is an ex-student.

I think this amendment demonstrates the concept that I think the full House ought to consider on a number of amendments in this; and that is that we ought to find ways to assist students to have access to capital to go to school, and for low-income students we ought to assist those students in the costs of their education, but then we ought to require that ex-students, the people who are out of school and in the world of work that have received that college education begin to pay their full share.

I think this amendment, by restoring or by producing the total cost over a multiyear, $560 million, in fact does that.

I would call to the attention of the House that even with this there are still some major cost overruns of this legislation; that if you look at the legislation for the first year, this has no impact on it at all. The legislation, H.R. 3700, would have cost impact or cost increase for the first year alone of $1.2 billion in authorized levels over the amount of the appropriated levels that were appropriated for the current year, fiscal year 1985.

I think that is clearly the largest increase of any piece of authorizing legislation that we have even considered on the floor of the House this year.

I hope that the House accepts this amendment. I hope that the House, in that same spirit, accepts other amendments in the spirit of supporting the reauthorization of higher education, as a way to improve the bill sufficiently to allow it to become law.

Mr. McKERNAN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I want to commend the gentleman from Missouri as well as the chairman of the committee for agreeing on this particular amendment.

During the committee markup sessions, we spent a lot of time talking about the things that the gentleman from Texas [Mr. BARTLETT] just referred to; and that is, what is the purpose of the Higher Education Act? What are we trying to do, as a Federal Government, in trying to guarantee opportunity for education to people in this country?

What we are trying to do is make sure that those who have the ability have the opportunity to go to college. What that means is, making sure they have the kind of money that is going to be necessary to get into college. If we have to make a choice, the choice ought to be trying to change the system so that we have money up front for people to get their education, and we have to also realize, though, that we are going to need to pay for that at some point, and we are going to have to do that, in my view, at a time when people can better afford to make those payments after they are in the work force.

This amendment addresses that problem. It takes care of the onerous burden of the origination fee which, to the Chairman's credit, he has been trying to get rid of; this allows for a way to make that payment but yet also not to have it at such a great cost to the Federal Government.

So I want to commend both gentlemen and say I think we are moving in the right direction on this particular legislation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. COLEMAN].

The amendent was agreed to.

AMENDMENT OFFERED BY MR. BIAGGI

Mr. BIAGGI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BIAGGI: Page 363, line 20, strike out "for books" and everything that follows through line 21 and insert in lieu thereof the following: "for only books, supplies, and transportation (as determined by the institution) and dependent care expenses (in accordance with paragraph (7));".

Mr. BIAGGI. Mr. Chairman, this amendment enhances and refines the provisions in H.R. 3700 designed to assist the nontraditional and less-than-half-time student.

Specifically, it amends the needs analysis section of H.R. 3700 to require that the cost of dependent care be included in determining student eligibility for aid.

Mr. Chairman, for many students, particularly those who are attending less than half time—the costs of care for children, as well as elderly family members—are just as significant as the cost of books, supplies, and transportation.

This is especially important to women—who are the primary caregivers in families—and represent over half of the 12.4 million postsecondary students in the United States.

Over 6.2 million families were headed by women in 1984—double the number in 1970. They represent the majority of today's nontraditional student. According to the American Association of University Women, two-thirds of the women surveyed at an urban university reported they had children at home. A recent study at the University of Michigan found that over one-fifth of its women students would seek more employment or education if child care were available.

Families are also the primary caregivers of the elderly.

I also serve as chairman of the Subcommittee on Human Services of the House Aging Committee. We have spent considerable time documenting the ongoing problems of providing adequate home care services for elderly family members. It is a significant problem given the fact that while 5 percent of our total elderly population is institutionalized—double that number are provided dependent care in community-based settings.

National health statistics show that 80 percent of all home health care for older people is provided by family members. Forty percent of adult children who are caring for an older parent in their homes spend 40-plus hours per week—the equivalent of a full-time job—in caregiving activities.

This amendment would give those individuals—who should not be denied educational opportunity—consideration in determining their eligibility for aid. For many adult students—the costs of dependent care are the most significant costs that are borne outside of the educational environment.

Current regulations permit aid officers to ignore the costs of dependent care of both children and elderly family members. This discrimination has resulted in women receiving, on the average, lower grant and loan awards.

This amendment would address that problem by directly adding dependent care into the need analysis system.

I also want to note that it is similar to a provision included in our colleague PAT WILLIAMS' bill to remove special barriers faced by women in postsecondary education. It is consistent with his efforts to increase access for what we have termed our nontraditional student population.

I urge adoption of the amendment.

□ 1735

Mr. FORD of Michigan. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, we have looked at the amendment, and it is wholly consistent with what we are trying to do in H.R. 3700. It indeed fills out even better the picture that Mr. BIAGGI has worked so many months to present to us of the special concerns and consideration that particularly a single woman has with children dependent upon her for not only their support but her time, impinging on her ability to seek outside employment. It becomes a burden that clearly should be taken into consideration in determining the cost of attendance in terms of the resources that are actually available and the other claims on those resources for a person choosing to seek education rather than full-time employment.

For that reason, I would advocate that we adopt the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. BIAGGI].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. TAUKE

Mr. TAUKE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TAUKE: Page 260, line 7, after the period insert the following: "For the purposes of qualifying an institution under paragraph (3) of this subsection, the Secretary may establish criteria by regulation. In the case of a graduate medical school outside the United States, such criteria may include a requirement that not less than 90 percent of the students who are nationals of the United States enrolled in such school shall have scored in the top one-quarter on an approved medical college admissions examination; and that such students achieve a pass rate of not less than 50 percent on the examinations administered by the Educational Commission for Foreign Medical Graduates.".

Mr. TAUKE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. TAUKE. Mr. Chairman, during the course of discussion on this bill in subcommittee and in committee we considered briefly the problem of foreign medical students. There has been growing concern that fly-by-night schools and medical schools of questionable quality are being established on United States shores. They recruit U.S. students, and then they rely on these students' subsidized loans to make a profit.

The Department of Education has in the past attempted to apply some criteria to the eligibility of these institutions for student loan programs. However, a court decision recently struck down the current regulations. So this is an attempt to put some requirement on the institutions that require an education for American students who are receiving student loans.

The amendment authorizes the Department of Education to promulgate regulations establishing specific criteria to be used in determining the eligibility of foreign medical schools to participate in the Guaranteed Student Loan Program.

It provides that such criteria may include a requirement that a certain percent of the American students enrolled in the school have scored in the top quarter of an approved medical college admissions exam, and such criteria may also include the requirement that such students achieve the pass rate of at least 50 percent in the examinations administered by the Educational Commission for Foreign Medical Graduates.

Obviously, foreign medical graduates have made significant contributions to health care in the United States, and we should not deny the opportunity to receive a medical education to qualified students in our own country who receive an education in foreign medical schools. At the same time, it is important to establish a workable mechanism to determine the quality of the education a student receives in a foreign medical school and to ensure that Government-guaranteed loans are being used at legitimate institutions. I believe this amendment achieves that goal.

Mr. REGULA. Mr. Chairman, I rise in support of the Tauke amendment. For the past year I have worked with the distinguished gentleman from Iowa on the perplexing problem of graduate medical education and the resulting quality of care given to our Nation's population, particularly the elderly.

In July 1985, at our request, a national survey was conducted by the minority staff of the Subcommittee on Health and Long-Term Care soliciting comments from teaching hospitals regarding various proposals to reform Government funding of medical education. Surprisingly, 94.5 percent of those polled stated their support for controls on student financial assistance to medical students. The remaining 5.4 percent cited partial support for such a measure. There was no opposition to the proposal.

In the past decade there has evolved the phenomena of profit-making offshore medical schools. Characterized by inadequate staff and unsubstantial investment in clinical facilities their graduates are ill-equipped to provide the quality of care typical of American trained physicians. Despite these inadequacies, U.S. citizens enrolled in such schools are recognized as being eligible for Federal guaranteed student loans. Today, is our opportunity to correct that anomaly.

It is estimated that nearly 19 percent of the care given by hospital residents is provided by graduates who have received their education abroad. In many urban hospitals, serving a disproportionate number of the elderly, that number reaches as high as 75 to 80 percent. This amendment will ensure that those possessing adequate training, regardless of its origin, will be able to practice medicine in the United States.

Over 75 years ago the issue of proprietary schools was resolved within our borders. In a report to the Carnegie Foundation for the Advancement of Teaching, Abraham Flexner stated "not infrequency, advertising costs more than laboratories" and "the deans of these institutions occasionally know more about modern advertising than about medical teaching." Once again, let us join together in completely eliminating the possibility of compromised medical care to our Nation's sick and elderly.

The Tauke amendment will be an important step in achieving this goal.

Mr. BIAGGI. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I want to offer my qualified support of this amendment and express my concern that we do not embark upon a pattern of attempting to limit the number of qualified graduates from foreign medical schools. The gentleman's amendment does provide safeguards so that we do not lower standards.

I recognize that there are a number of concerns with foreign medical schools. The fact is, however, that there are many good foreign medical schools that serve to educate students that have been denied access to medical schools in this country.

In States like New York, we rely very heavily upon graduates of foreign medical schools—who have passed the required exams—to staff public hospitals in order to provide care to indigent patients. Frankly, graduates of American medical schools do not want to work in publically funded facilities serving poor people.

While this amendment does not provide the Secretary of Education with any authority that he does not already have—I believe that it is acceptable. However, I believe that this issue merits our close oversight in order to assure that we do not embark upon a pattern of discrimination against schools that serve the critical health care needs of urban areas.

Mr. TAUKE. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I would be delighted to yield to the gentleman from Iowa.

Mr. TAUKE. I thank the gentleman for yielding.

Mr. Chairman, I thank the gentleman for his support of the amendment. I assure the gentleman I have many of the same concerns that he does. While my district is much different from the gentleman's, my district to, relies in substantial part on graduates of foreign medical schools for medical care. In addition to the institutions in the urban areas of the country, hospitals also in the very rural areas of the country have to attract many graduates from these foreign medical schools in order to be able to provide health care to individuals in my district and districts like the gentleman's.

So I want to assure the gentleman that I share his concern. At the same time, I know we both have the concern also that these students who do graduate from foreign medical schools have a decent quality education when they are serving our constituents.

I thank the gentleman for his comments in support of the amendment.

Mr. BIAGGI. I commend the gentleman for his amendment. Clearly we have mutual concerns and interests, and this hopefully will help the aspiring medical student in furthering his education.

Again, I commend the gentleman.

Mr. FORD of Michigan. Mr. Chairman, I move to strike the requisite number of words.

For all of the reasons stated by Mr. BIAGGI in what he referred to as his qualified acceptance statement of the amendment, without qualification I will accept the amendment. The gentleman has discussed this amendment prior to today. It makes eminent good sense. There is no potential for mischief at all. It merely calls the attention of the Secretary to what he should be doing already but may not be doing.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. TAUKE].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BARTLETT

Mr. BARTLETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARTLETT: Page 160, lines 15 and 18, strike out "nine months" and insert in lieu thereof "six months".

Page 181, line 23, strike out "nine months" and insert in lieu thereof "six months".

Page 182, line 1, strike out "nine months" and insert in lieu thereof "six months".

Page 308, beginning on line 20, strike out all of paragraph (3) through page 309, line 2, and redesignate the succeeding paragraphs accordingly.

Mr. BARTLETT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BARTLETT. Mr. Chairman, I offer an amendment that is an amendment that, frankly, should not be controversial. It may turn out to have opposition, or may not, on the floor here. What this amendment would do would be to restore what is presently current law for the grace period that an exstudent is provided after that student leaves school and before the student begins repayment. Now, under current law that grace period is 6 months. That 6 months gives the student an opportunity to get on his or her feet before the student has to begin repayment. That 6-months period is what students or exstudents are using now.

The committee bill has, I think, erroneously added to the outyear cost of H.R. 3700 by extending that 6-months grace period to a 9-months grace period.

Mr. Chairman, the 6-month grace period works rather well today. It has worked that way for several years. There is no major problem that is being resolved here. But there is a major problem that this small-sounding change of 6 months to 9 months that is in the committee bill would cause the taxpayers because it adds enormous costs in the outyears.

Now the committee bill quite correctly provides for the new 9-month grace period in a way that only affects new loans. So the cost to the taxpayers is very small for the first several years. In fact, for the authorization of this bill through the year 1991 the total cost is some $95 million. But beginning in 1991, 1992, and 1993, the cumulative effect of an extra 3 months of the ex-student paying no interest at all begins to build up to where some estimates would have costs of up to $200 million a year by the mid-1990's at today's current loan limits.

Mr. Chairman, the issue philosophically is basically this, and it is the same issue presented on a couple of other amendments today, and that is that if we decide we are going to subsidize low-income students during the time they are in school by not requiring that they pay interest on their loans, the Federal taxpayers pay that interest completely—and the interest rate, incidentally, is the T-bill rate plus 3½ points—we should not extend that privilege of having the taxpayers pay the interest and subsidize the complete cost of interest for 9 months after the student leaves school. The extra 3 months would mean that for all guaranteed student loans in this country, currently about $8 billion in existing loans, the taxpayers would pay the full interest cost for those 3 months after a student is out of school, is working, has a job, and is back in the mainstream. Now I appeal to those who support H.R. 3700 and higher education. This is the kind of amendment that is a reasonable amendment that does not roll anything back, that merely restores what is current law and current practice. It is generally supported and supportive. We have no evidence or reason to think that someone thinks there needs to be a change in it. It would reduce the overall cost of this bill in the outyears in particular by some significant amount.

I would remind the committee again that this bill in its present form, without amendments like this being adopted, is a budget buster of rather massive proportions. It does provide for $1.2 billion of additional spending in the first year, 13-percent increase; it does provide for $11 billion in aggregate of additional spending over the 5-year authorization period. This is a modest but reasonable attempt to just keep what is currently in current law, to keep the Committee from expanding current law to increase the subsidies after a person has left school.

Let us provide the subsidies to the low-income students who are presently in school and not extend those subsidies to people that are out of school on their own.

Mr. COLEMAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I would be happy to yield to the gentleman from Missouri.

Mr. COLEMAN of Missouri. I thank the gentleman for yielding.

Mr. Chairman, I support the gentleman's amendment. I was prepared to offer it in markup at one time, but I was detained getting back to the Capitol. I believe the gentleman has made a very cogent argument as to why we ought to adopt his amendment. We are not taking anything away from anybody. Present law is 6 months. Some might want to extend it to 9 months, but I think the fact that it costs money to extend it another 3 months should be put into perspective when we have a budget deficit. That is one way. We are not talking about students, we are talking about former students; we are not talking about the day after they graduate but after 6 months after they leave the school. I think it is a very fair amendment. It is one of the more harmless amendments as far as impacting on those people we are trying to help.

I feel it has only meritorious points to it. So I rise in support of the amendment.

Mr. HENRY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment. We have worked so hard and really constructively in the committee and now as we have come down to the final debate on a number of these really narrow issues but very critical issues in terms of the aggregate result as we try to come to a final accommodation.

Now earlier it appears we have reached some other constructive engagements on the whole issue of new categories of deferment. I think on both sides we have reached agreement. The costs of this 3-month extension, in fact, if they can be recovered in terms of the figures I have will offset, quite frankly, the estimated costs of the new deferment we wish to give to those whom we are encouraging to enter careers in the education marketplace with all the disincentives that are out there and the national need that we have there.

□ 1750

And I would say that in terms of our efforts of trying to get a bill, which in its authorization is overall an authorization freeze, in terms of continuing policy and getting better efficiency and a better bang for our buch, I really view this as a very constructive amendment, and I would certainly hope that the distinguished chairman of the subcommittee could lend his support to it.

Mr. FORD of Michigan. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I think it has become necessary to take a moment to talk about the history of this deferment period the gentleman from Texas about in the existing law. What we are talking about in existing law is what was supposed to be a temporary provision in the Gramm-Latta reconciliation of 1981, because prior to that time, during the entire history of the program, the grace period for beginning payment was 9 months after leaving school.

Now, we have had experience since this change was made. It was to be a temporary, one-time grab for some money, and it got itself perpetuated, just as the student origination fee and some of the other things that were done in the Gramm-Latta reconciliation.

Now, while it is true, as the gentleman says, that the savings resulting from this are quite modest, some $80 million over the 5-year life of the bill, we are not even sure, on the basis of our experience, that you will save anything. In fact, you might cost money.

We found that there is a marked impact on the default rate. In shortening the period after school before the first payments are due, you predict that a larger number of people will not yet have been employed in a position able to start making payments. And the effect could be, over the 5 years of the bill, that while you start out to save $82 million, you increase the default rate by an amount which will wipe out that increase and, moreover, will have the psychological impact of putting people quickly into default.

Now, what is a 6-month or 9-month grace period for? Why is it here? It was 9 months for years and years, and it was found we were gaining ground on defaults. When you look at the samples, even though this program has less than 5 percent national default rate at the present time, when you look at what they are made up of, you find characteristics of these people. The people most likely to go into default are the people who go into default early because they do not get a job. And if they go into default early because they have not yet got a job, they are likely not to get back on their feet and caught up, and then they become a problem for us.

The people who go to work and start payment and then run into circumstances that cause them to miss a payment or two we get back, and indeed this bill has a number of provisions that we have worked on that will increase the effort that will be made with those people to get them back into compliance and get them back on phase making their payments.

For this reason, while the savings is not very much, I have to suggest that it is an illusory savings, that it may cost us more in the psychology of attacking the default rate for the future in this program than it is worth.

Second, I must point out I was a little bit surprised by the support of the gentleman from Missouri [Mr. COLEMAN] for this amendment, because in the agreements that we reached he agreed to forego his amendment to provide for recoupment of the interest during the grace period, and then I accepted a few moments ago a $560 million saving.

Now, the savings of the gentleman from Missouri [Mr. COLEMAN] is a real saving, and it is a real saving because it not only saves the money in a way in which we can calculate but, moreover, it does not adversely impact on the probability of a good performance rate by the person after they have had the loan and left school.

This one, on the other hand, does not have those virtues. Even though Mr. COLEMAN's original proposal for recoupment would have recovered a substantial sum of money, the end result was that Mr. COLEMAN has recouped $560 million over 5 years in a different way which does not impact adversely either on students while they are in school and need the money or on the program through providing any kind of direct or indirect incentive for default.

I would just plead with those who feel they have a strong commitment to avoid at all costs anything that is going to facilitate people going into a bad payback pattern or, as we refer to it generally, into default, that you vote against this amendment because it has, to me, possibilities that far exceed any benefit we can get by saving $80 million over the 5-year life of the bill.

Remember this: This bill does not return the law to where it was before Gramm-Latta. It only says that those people who start school for the first time in 1987, who become new borrowers, will thereafter have 9 months' grace period.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. FORD] has expired.

(By unanimous consent, Mr. FORD of Michigan was allowed to proceed for 1 additional minute.)

Mr. FORD of Michigan. All of those people presently in the program, every student now in the program and who will come in during this school year, will have only 6 months. That is the present law. And we do not change that for those people. We only say that in the future, a new borrower, not a new loan but a person who, for the first time, is coming into the program, will, at the end of their school experience, have 9 months rather than the present 6 months.

So the impact of this 9 months will not start taking place until the people who enter school in 1987 have left school and have been out of school for 9 months. And that casts some question on why you could even save $80 million. You will save some money for people who drop out of school, but for people who finish a full 4 years or more, you will not begin to see any savings from changing from the committee's proposal until about 1992.

Mr. TAUKE. Mr. Chairman, I move to strike the requisite number of words.

Mr. BARTLETT. Mr. Chairman, will the gentleman yield?

Mr. TAUKE. I yield to the gentleman from Texas.

Mr. BARTLETT. I thank the gentleman for yielding briefly, not for the purpose of rebutting each of the agruments made by the chairman of the subcommmittee, but to merely point out to the committee that presently there is in the bill, and will stay in the bill, a deferment for up to 12 months for someone who is unemployed. So for someone who is unemployed, this would not apply to them. They would still be entitled to the deferment. There are 10 other deferments provided in the legislation for other reasons.

Mr. TAUKE. I thank the gentleman from Texas.

Mr. Chairman, I rise in support of the amendment of the gentleman from Texas. The bottom line on this legislation is that every time we spend more money for an individual student loan program, that means we have fewer dollars to give to additional students who may need to take part in this program in order to be able to achieve higher education. The gentleman does not deny funds to any individual who is going to school or lower the amount of money that individual will receive while in school. Instead, the gentleman attempts to deal with the issue of how much we should subsidize individuals once they have left school. I think we should hold that subsidy down in order to allow more people to participate in this program for the same amount of dollars.

Now, the chairman of the subcommittee is correct—this would have virtually no impact on the total expenditures for this bill during the life of the bill. But the problem is that this amendment commits us to larger expenditures in the period of the 1990's when these 1987 and 1988 and 1989 students will graduate and get out of school. That is when the cost of this provision and this bill will hit, and that is what the gentleman from Texas is attempting to prevent—future expenditures which we do not have to account for now but which will hit us in the years ahead.

Now, assuming that we anticipate that in the years ahead, we will want

to have a strong program for new students entering the higher education institutions of this Nation, we will want to hold down those expenditures for those who have already graduated. The amendment of the gentleman from Texas does it.

So it seems to me that for that reason, and because those who do not have jobs already will get a deferment under this bill, that we do not need to extend the deferment once one graduates, from 6 months to 9 months, as is done in the bill; rather, we should leave it at 6 months, and we can do that by adopting this amendment.

I yield further to the gentleman from Texas [Mr. BARTLETT].

Mr. BARTLETT. I thank the gentleman for yielding.

What the gentleman is saying is that, for too long, we have had a Congress that is so shortsighted that it can only see for this year or the next year, and would that we had had Congresses in the mid-1970's with the foresight that this amendment and others are trying to have this Congress to have today, to look at least 10 years ahead, to look into the costs that we are building into the 1990's. When this Congress gets to the 1990's, without this amendment, we will have built-in costs that we will not be able to do anything about. The decision for those costs will be made today, this afternoon, by this amendment.

I thank the gentleman for yielding.

Mr. MURPHY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of H.R. 3700, and would like to commend the chairman of the Subcommittee on Postsecondary Education, Congressman FORD, and the members of his subcommittee, for the excellent legislation they have produced.

Federal student aid programs have afforded millions of Americans the opportunity to further their educations regardless of their families' financial status. No longer is a college education the right only of the rich or the elite. Federal assistance has allowed the sons and daughters of steelworkers and coal miners to receive the same educational opportunities as the children of wealthy families.

The benefit of increased access to education is obvious. The millions of Americans who have utilized these programs have gone on to perform valuable medical and scientific research, risen to become the heads of industry, and have even served in the U.S. House of Representatives.

Without the financial assistance provided by these programs, I am sure many of us would not have been able to pursue our chosen careers.

As someone who was able to attend college and law school because of the funding provided under the GI bill, I am extremely familiar with the situation facing many young Americans today. The increasing costs of education and the reduced funding available since 1981 have lessened the hopes of many for advancing their educations. This legislation, while authorizing $1 billion less than that authorized for this fiscal year, expands access to assistance to needy students.

H.R. 3700 provides a fairer means of evaluating the contributions of a student and his or her family toward the cost of education. By subjecting all applicants to a basic needs test, it is much easier to determine the ability of each family and student to provide for postsecondary study without Federal assistance. Also, by determining the financial status of each applicant, it will now be possible to advise all applicants of their ability to qualify for grants, and therefore reduce the need for some borrowing.

I would also like to commend the gentleman from Michigan for those provisions which increase access to Federal student aid to nontraditional students. The shift in the economies of many areas of this country, such as southwestern Pennsylvania, have forced displaced workers to seek to further their education in order to find new jobs. By increasing their ability to receive assistance, this legislation helps them return to the work force and once again provide for themselves and their families.

I believe that H.R. 3700 is a fair bill which balances the needs of public and private institutions, but, more importantly, which provides for the needs of those who these programs were created to serve, the students. By expanding access to financial aid, and therefore to education, we have served the greatest needs of our country in enabling millions of more Americans to reach their fullest potential.

I urge all my colleagues to support this legislation as reported by the Committee on Education and Labor.

Mr. BRUCE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I believe that we ought to reconsider how this whole package came to the floor of the House from the committee. The committee bargained on guaranteed student loans a long time exactly what should be included in this package, and when we put the package together, there were a couple of changes upon which we agreed. First of all, we would start a program of multiple disbursements for guaranteed student loans, as well as make the checks out in the name of the student and send it to the institution. These two changes alone in this program save more than $450 million.

The committee also worked long and hard with Mr. COLEMAN to make sure we put in a new procedure for debt collection, and we believe that that procedure was appropriate. We ought to collect from those persons who are in default.

Through a compromise, we will make this extension applicable only for those persons who are new borrowers. So it remains at 6 months for all those presently under the program and makes a minor extension for those beginning in future years to a 9-month period.

It seems to me that the committee acted responsibly and consistently when trying to stop defaults, and this amendment will damage that consistency by saying that, on one hand, we have enacted a series of agreed-on changes that says, "Let's reduce the number of defaults," and then we come back along with this amendment and say, "no, we would like to increase the defaults."

I would like to see this amendment defeated. The package that we drafted was sensible. We save $450 million over the 5-year period. We think that was reasonable in committee and it ought to be honored by this House.

Mr. McKERNAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I think we ought to realize that we have had a lot of discussion about the Gramm-Latta proposals in 1981 and how those made certain changes in the Higher Education Act. Well, the reason for that was because we had some very difficult economic times in 1981. We have different economic times now. Fortunately, the economy is recovered. We are on the mend. But we also have another problem, and that is a $200 billion deficit. That is why I think we have got to look very, very closely at any changes we now make to be more generous to anyone in our society out of the Federal coffers. And to make the argument that this is not going to kick in until 1991 or 1992 and therefore we ought not to worry about it, it is going to be impossible to change it then and have any impact, because all the people who will have borrowered during that 5-year period are going to be locked into a contract and we are going to have to give them the 9-month period.

I think this is not a change. It is maintaining existing law. I hope we will adopt this amendment because, again, we have to keep in mind what the purpose of this legislation is. It is to give those who are in need an opportunity to get the kind of education they are going to need to be able to be successful participants in our society. What we do not want to do is to have a situation where we do not think about the relationship between the goals of this legislation and what we are actually doing because if this legislation gets overly expensive, we continue to give things like an extra 3 months here, an extra 3 months there, another deferment, we are going to end up in a position that we were in earlier this year when the administration tried in order to find some short-term savings to have some devastating

cuts on the program by income limits because that is the only way you can make short-term savings.

We need to be farsighted. I think this is an amendment that we ought to accept and maintain the current law.

□ 1805

Mr. WILLIAMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am in opposition to this amendment and it is not because I do not believe the Congress should be farsighted in its effort to try to save appropriate amounts of money when we can, nor is it because I want to spend unlimited amounts of money on our assistance to students who wish to or who are currently attending colleges. Rather because I do not believe this amendment will do either one.

There has indeed been plentiful reference to Gramm-Latta, and to the extraordinary budget deficit. I believe that we should consider the two in the same breath, and that indeed we should consider this amendment as another piece of the Gramm-Latta proposal which led to the current out-of-control Federal deficit.

My point being this: When we make rather thoughtless judgments in this body about how to save Federal funds, as in my opinion we did with Gramm-Latta, we end up making enormous mistakes that cost the taxpayer in the end billions of dollars more than had we not made those judgments.

Some appropriations by this Congress are simply expenditures. Others are investments. With Gramm-Latta, my colleagues, we cut too many investments. Now, 6 years later, we are reaping the Federal deficit. We are finding that the money is not coming back into the Treasury from graduated college students who would be earning more and thus paying more in taxes. We are finding that other domestic spending cuts that we made here at home are depleting the Federal Treasury, and have added to the deficit. I submit that this would cause the same sort of thing for this reason. It will simply add to the student default rate.

We have an unemployment rate that is stuck at 7 percent. For college graduates, it is much higher than that the first year they are out of college. Now, do we really want to say to them we are going to give you 3 months less to begin to pay back your student loan than you have had historically in this country? If we do that, we are going to increase the default rate and increase the Federal deficit.

So let us do what my friends on the minority side always ask us to, let us run this Government a little more like a business. Let us make some investments in our future. Accepting amendments of this sort does not do that.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. BARTLETT].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. BARTLETT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 177, noes 221, not voting 36, as follows:

[Roll No. 425]

AYES—177

Andrews	Hall, Ralph	Pickle
Anthony	Hansen	Porter
Archer	Hartnett	Pursell
Armey	Henry	Ray
Badham	Hillis	Regula
Bartlett	Hopkins	Ridge
Barton	Hubbard	Ritter
Bateman	Huckaby	Roemer
Bentley	Hunter	Rogers
Bilirakis	Hutto	Roth
Bliley	Hyde	Rowland (CT)
Boehlert	Ireland	Rudd
Boulter	Jeffords	Saxton
Breaux	Johnson	Schaefer
Broomfield	Kasich	Schuette
Brown (CO)	Kemp	Schulze
Broyhill	Kindness	Sensenbrenner
Burton (IN)	Kolbe	Shaw
Byron	Kramer	Shumway
Callahan	LaFalce	Shuster
Campbell	Lagomarsino	Siljander
Carper	Latta	Sisisky
Chappell	Leach (IA)	Skeen
Chappie	Leath (TX)	Slattery
Coats	Lent	Slaughter
Cobey	Lewis (CA)	Smith (NE)
Coble	Lewis (FL)	Smith (NJ)
Coleman (MO)	Lightfoot	Smith, Denny (OR)
Combest	Loeffler	Smith, Robert (NH)
Coughlin	Lott	Smith, Robert (OR)
Courter	Lowery (CA)	Snowe
Craig	Lujan	Snyder
Crane	Lungren	Solomon
Daniel	Mack	Spence
Dannemeyer	Madigan	Stangeland
Darden	Marlenee	Stenholm
Daub	Martin (IL)	Strang
DeLay	Martin (NY)	Stratton
DeWine	McCain	Stump
DioGuardi	McCandless	Sundquist
Dornan (CA)	McCollum	Sweeney
Dreier	McEwen	Swindall
Dyson	McGrath	Tauke
Eckert (NY)	McKernan	Tauzin
Edwards (OK)	Meyers	Taylor
Emerson	Michel	Thomas (CA)
Evans (IA)	Miller (WA)	Thomas (GA)
Fawell	Molinari	Vander Jagt
Fiedler	Monson	Vucanovich
Fields	Montgomery	Walker
Fish	Moore	Weber
Franklin	Moorhead	Whittaker
Gallo	Morrison (WA)	Wolf
Gekas	Nielson	Wortley
Goodling	Olin	Wylie
Gradison	Oxley	Young (FL)
Green	Packard	Zschau
Gregg	Parris	
Grotberg	Pashayan	
Gunderson	Petri	

NOES—221

Akaka	Berman	Brown (CA)
Anderson	Bevill	Bruce
Annunzio	Biaggi	Bryant
Applegate	Boggs	Burton (CA)
Aspin	Boland	Bustamante
Atkins	Boner (TN)	Carr
AuCoin	Bonior (MI)	Chandler
Barnes	Bonker	Chapman
Bates	Borski	Clay
Bedell	Bosco	Clinger
Beilenson	Boucher	Coelho
Bennett	Boxer	Coleman (TX)
Bereuter	Brooks	Collins
Conte	Jacobs	Reid
Cooper	Jones (NC)	Richardson
Coyne	Jones (OK)	Rinaldo
Davis	Jones (TN)	Robinson
de la Garza	Kanjorski	Rodino
Dellums	Kaptur	Roe
Derrick	Kastenmeier	Rose
Dicks	Kennelly	Rostenkowski
Dixon	Kildee	Rowland (GA)
Donnelly	Kleczka	Russo
Dorgan (ND)	Kolter	Sabo
Dowdy	Kostmayer	Savage
Downey	Lantos	Scheuer
Duncan	Lehman (CA)	Schneider
Durbin	Lehman (FL)	Schroeder
Dwyer	Leland	Schumer
Dymally	Levin (MI)	Seiberling
Eckart (OH)	Levine (CA)	Sharp
Edgar	Lipinski	Shelby
Edwards (CA)	Lloyd	Sikorski
English	Long	Smith (FL)
Erdreich	Lowry (WA)	Smith (IA)
Evans (IL)	Luken	Solarz
Fascell	Lundine	Spratt
Fazio	MacKay	St Germain
Feighan	Manton	Staggers
Florio	Markey	Stallings
Foglietta	Martinez	Stark
Foley	Matsui	Stokes
Ford (MI)	Mavroules	Studds
Ford (TN)	Mazzoli	Swift
Fowler	McCloskey	Synar
Frank	McCurdy	Tallon
Frost	McDade	Torres
Fuqua	McHugh	Torricelli
Garcia	Mica	Traficant
Gaydos	Mikulski	Traxler
Gejdenson	Miller (CA)	Udall
Gephardt	Mineta	Valentine
Gibbons	Moakley	Vento
Gilman	Mollohan	Visclosky
Glickman	Moody	Volkmer
Gonzalez	Morrison (CT)	Walgren
Gordon	Mrazek	Watkins
Gray (IL)	Murphy	Waxman
Gray (PA)	Myers	Weaver
Guarini	Natcher	Weiss
Hall (OH)	Neal	Wheat
Hamilton	Nichols	Whitley
Hammerschmidt	O'Brien	Whitten
Hatcher	Oakar	Williams
Hawkins	Oberstar	Wirth
Hayes	Obey	Wise
Hefner	Ortiz	Wolpe
Heftel	Owens	Wright
Hendon	Pease	Wyden
Hertel	Penny	Yates
Horton	Pepper	Yatron
Howard	Perkins	Young (AK)
Hoyer	Quillen	Young (MO)
Hughes	Rahall	

NOT VOTING—36

Ackerman	Flippo	Nelson
Addabbo	Frenzel	Nowak
Alexander	Gingrich	Panetta
Barnard	Hiler	Price
Carney	Holt	Rangel
Cheney	Jenkins	Roberts
Conyers	Livingston	Roukema
Crockett	McKinney	Roybal
Daschle	McMillan	Skelton
Dickinson	Miller (OH)	Towns
Dingell	Mitchell	Whitehurst
Early	Murtha	Wilson

□ 1825

The Clerk announced the following pair:

On this vote:

Mr. Nelson of Flordia for, with Mr. Mitchell against.

Mr. ZSCHAU and Mr. LEWIS of Florida changed their votes from "no" to "aye."

Mr. MACKAY, and Mr. ASPIN changed their votes from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. FORD of Michigan. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. FOLEY] having assumed the chair, Mr. DIXON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3700) to amend and extend the Higher Education Act of 1965, had come to no resolution thereon.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF HOUSE JOINT RESOLUTION 465, CONTINUING APPROPRIATIONS, 1986

Mr. PEPPER, from the Committee on Rules, submitted a privileged report (Rept. 99-407) on the resolution (H. Res. 327) providing for the consideration of the joint resolution (H.J. Res. 465) making further continuing appropriations for the fiscal year 1986, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF HOUSE JOINT RESOLUTION 192, NATIONAL DAY OF REMEMBRANCE OF MAN'S INHUMANITY TO MAN

Mr. PEPPER, from the Committee on Rules, submitted a privileged report (Rept. 99-408) on the resolution (H. Res. 328) providing for the consideration of the joint resolution (H.J. Res. 192) to designate April 24, 1985, as "National Day of Remembrance of Man's Inhumanity to Man," which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3525, ESTABLISHING UNIFORM REGIONAL POLL CLOSING TIMES

Mr. PEPPER, from the Committee on Rules, submitted a privileged report (Rept. 99-409) on the resolution (H. Res. 329) providing for the consideration of the bill (H.R. 3525) to amend title 3, United States Code, to establish uniform regional poll closing times in the continental United States for Presidential general elections, which was referred to the House Calendar and ordered to be printed.

PROVIDING FOR AMENDING THE SENATE AMENDMENT TO H.R. 3128 AND REQUESTING A CONFERENCE THEREON

Mr. PEPPER, from the Committee on Rules, submitted a privileged report (Rept. No. 99-410) providing for amending the Senate amendment to the bill (H.R. 3128) to make changes in spending and revenue provisions for purposes of deficit reduction and program improvement, consistent with the budget process, and requesting a conference thereon, which was referred to the House Calendar and ordered to be printed.

LEGISLATIVE PROGRAM

(Mr. MICHEL asked and was given permission to address the House for 1 minute.)

Mr. MICHEL. Mr. Speaker, I have asked for this time for the purpose of inquiring of the distinguished majority leader the program, as I understand it to be somewhat altered for the balance of the week.

I yield to the distinguished majority leader.

Mr. WRIGHT. I thank my distinguished colleague for yielding and giving us this opportunity to clarify the program as it now stands.

There is no further legislative business planned for today. There will be a special order conducted by the gentleman from Texas [Mr. BROOKS] in eulogy of our late beloved colleague, George Mahon, and other special orders.

I will ask unanimous consent upon the conclusion of our colloquy that the House when it adjourns today may adjourn to convene at 11 o'clock tomorrow. If this would be assented to, it will accommodate the Democrats who want to have a meeting tomorrow morning in the Chamber and we would appreciate your permitting our doing that, so that we will ask to come in at 11.

The first thing we will take up tomorrow will be the continuing resolution. This comes under a rule which should not take too much time. One amendment would be made in order, with 1 hour of general debate on the resolution itself and I believe 1 hour equally divided on the amendment.

After having completed action on that very important piece of legislation, we will return to the higher education bill and intend to complete it tomorrow.

Then on Thursday and Friday we will take up the Superfund bill. A compromise agreement has been reached by the Democratic and Republican members of the various committees which have jurisdiction over parts of this bill and it will be presented, I am sure, in written form tomorrow in order that it may appear in the RECORD in a form so that Members may understand its contents.

We would hope to begin action on that Superfund bill on Thursday.

It is my understanding that the committees have agreed to vote for an open rule, that it will be read by titles.

We would expect to go into Friday, expect to have votes on Friday.

There are other matters which we hope to complete this week, including the Labor, Health and Human Services appropriation conference report and the rule on the reconciliation bill.

Now, that is all that we would expect to get done this week, but in order to accomplish all that I think Members should be advised that we will have to have votes on Friday.

Mr. MICHEL. We do not have a rule yet on the Superfund bill?

Mr. WRIGHT. It is going to the Rules Committee in the morning, tomorrow morning. It is my understanding that the chairman and the ranking members on both the Energy and Commerce Committee and the Public Works and Transportation Committee have reached agreement on the basic substance of the legislation and that the rule that they request will be an open rule. That being the case, I would imagine that the Rules Committee would report it out tomorrow in order that we might take it up first thing Thursday.

Mr. MICHEL. Then do I understand if per chance that the Superfund legislation would be disposed of Thursday, there would or would not be a session on Friday?

Mr. WRIGHT. We expect there will be a session on Friday. I think it is in the best interests of all of us not to raise hopes that we will be out Friday.

Mr. MICHEL. Would the gentleman look in his crystal ball beyond Friday to the following Monday, when normally some Members might think their presence would not be required, but we are coming down to the end of the wire here; I am hearing that there may very well be some rollcalls on Monday. Could the gentleman enlighten us on that?

Mr. WRIGHT. I think it is likely there will be votes on Monday. I do not see how we can complete the agenda without having votes of some substance both this Friday and the next Monday and undoubtedly on the next Friday as well. It would be misleading to encourage people to expect otherwise.

We have remaining before we can adjourn and consider our labors completed the debt limit bill with the Gramm-Rudman amendment attached to it, the continuing resolution which we take up tomorrow and must complete, the reconciliation bill and the farm bill, which may be joined; the Superfund bill which we hope to pass this year. We think it would be a grave mistake if the House were to adjourn without completing action on that legislation, and then sometime next week we expect to bring up the tax reform and simplification bill and have a vote on that bill.

Mr. MICHEL. Is the gentleman still thinking in terms of the 13th of December as getaway day, or is that unlikely?

Mr. WRIGHT. We are thinking and planning in terms of getting away on Friday, the 13th of December. We hope it brings us all good luck. If the President can find it in his heart to sign all the bills as we send them to him and not make it necessary for us to labor into the twilight of our year over mundane matters and petty quarrelsome arguments that divide us in the very season when we should be united, cheerful, and joyous, then we will be able to get out on Friday.

Mr. MICHEL. I thank the gentleman for that very enlightening remark.

HOUR OF MEETING ON WEDNESDAY, DECEMBER 4, 1985

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 a.m. tomorrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 7, SCHOOL LUNCH AND CHILD NUTRITION AMENDMENTS OF 1985

Mr. HAWKINS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7) to extend and improve the National School Lunch Act and the Child Nutrition Act of 1966, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California? The Chair hears none and, without objection, appoints the following conferees: Messrs. HAWKINS, FORD of Michigan, KILDEE, WILLIAMS, MARTINEZ, OWENS, BOUCHER, PERKINS, JEFFORDS, GOODLING, CHANDLER, MCKERNAN, and FAWELL.

There was no objection.

AMENDING REVISED ORGANIC ACT OF VIRGIN ISLANDS AND AMENDING COVENANT TO ESTABLISH A COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Mr. UDALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2478) to amend the Revised Organic Act of the Virgin Islands, to amend the Covenant to Establish a Commonwealth of the Northern Mariana Islands, to provide for the governance of the insular areas of the United States, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

Mr. LAGOMARSINO. Reserving the right to object, Mr. Speaker, I reserve the right to object so that I can yield to the chairman of the committee for the purpose of explaining what the bill would accomplish.

Mr. UDALL. Mr. Speaker, this legislation follows the practice of incorporating necessary matters regarding our territories and commonwealths into an annual omnibus measure. It would grant local self-government powers and also rationalize the application of certain statutes concerning the insular areas.

Section 1, which would be revised by the amendment, would grant the people of the Virgin Islands the power to make laws by initiative and recall all elected officials. This provision would replace section 12 of the Revised Organic Act of the Virgin Islands.

The Organic Act serves as the territory's constitution. The section which would be replaced provides for the recall of the territory's Governor.

This proposal by Delegate DE LUGO is similar to a provision in a proposed territorial constitution which was approved by Public Law 97-21. Although that constitution ultimately was defeated in the required local referendum, the initiative and recall provisions were not controversial.

The people of Guam, which has the same territorial status as the Virgin Islands, were granted these powers by Public Law 97-357, the 1982 Omnibus Insular Areas Act.

My only reservation about this provision is based upon a regret that the Virgin Islands—and Guam—have not exercised the broad authority they were given in Public Law 94-584 to organize their local governments themselves.

Section 2 would authorize the Northern Mariana Islands to expend appropriations to its economic development loan fund through fiscal year 1986 for capital improvement projects which would facilitate economic development.

Public Law 94-241 which approved the covenant which established the Commonwealth required annual contributions to the loan fund. Previously appropriated grants have already left the fund with a balance higher than Commonwealth officials believe is needed for worthwhile ventures.

The Commonwealth has established a new development bank to replace the fund. However, the unobligated balance in the fund is also expected to be more than the bank will require for private sector loans.

Meanwhile, there is an acute need for basic infrastructure in the islands. Projects such as improving the Commonwealth's water system are essential to the public health as well as for economic development reasons.

This provision would make it possible for the Commonwealth to expend already-appropriated funds according to priority of need. It should not suggest, however, that the bank should ignore the continuing need for reasonable financing of local small business development for public capital development.

Section 3, which would be revised by the amendment, would grant the Virgin Islands, Guam, and American Samoa full civil and criminal concurrent jurisdiction with the United States over Federal property in these territories to the extent that local laws do not conflict with Federal laws. It would replace section 4(a) of Public Law 88-182.

That law granted territorial governments concurrent jurisdictions over "parties found, acts performed, and offenses committed" on Federal property. This amendment proposed by Delegate DE LUGO is to clarify that the local governments have full concurrent jurisdiction.

The Department of the Interior has intepreted the law we would amend to be a general grant of this authority. However, a Federal court ruling in the Virgin Islands last year cast doubt about its extent.

The court ruled that a local public access statute could not be enforced on federally owned Water Island, which is leased to a private party. This is one of the problems with the Interior's administration of that property that also supports section 6 of this bill.

Section 4 would authorize the completion of the first phase of development of the Eastern Caribbean Center which was proposed in the President's Caribbean Basin Initiative. In multiyear funding, $1.2 million would be authorized.

As a link between the United States and the eastern Caribbean, the Center is to study, develop, share, and promote regional resources through cooperative technical assistance programs. It will use and expand upon the resources of the College of the Virgin Islands.

The need for providing this sort of aid through the United States islands of the eastern Caribbean islands was clearly stated by leaders of the region at a Conference on Democracy in the English-speaking Caribbean earlier this month. A St. Kitts and Nevis Cabinet Minister, for example, asserted that developmental assistance provided by C.V.I. would be more relevant than if provided otherwise because the Virgin Islands face many of the same challenges under many of the same conditions that other eastern Caribbean islands face.

The Center is one way that we can make the Caribbean Basin Initiative live up to a promise that is being seriously questioned in the region.

The amount of $490,000 was appropriated to begin development of the Center in fiscal year 1985. The fiscal year 1986 Interior appropriations bill which has been reported in the Senate includes the same amount. I urge our conferees to try to ensure that it remains in the bill.

Section 5, which would be revised by the amendment, would grant Guam the power to organize its public school system by local law. It would replace section 29(b) of the Organic Act of Guam which assigns the responsibility to organize the Guam school system to the Governor.

The board of education and the Legislature of Guam have requested that we repeal this archaic provision. The Governor recognizes that it is anachronistic.

Delegate BLAZ has sponsored this provision to improve Guam's school system. It is not included to take sides in the inevitable debate over which Guam officials should make education policy.

This section replaces section 5 of the bill as reported. Originally it would have authorized the smaller insular areas to receive grants for vocational education in amounts not less than they received in fiscal year 1984 and assistance for their vocational education councils.

That provision had been included because similar provisions which were enacted for the States last year did not include the smaller insular areas due to actions of the other body. The distinguished chairman of the Committee on Education and Labor, AUGUSTUS HAWKINS, had helpfully agreed to inclusion of the provision in this bill.

After the bill was reported, however, a compromise was reached on the issue. To facilitate it, we have dropped the original section 5. However, if H.R. 1210 is not signed into law, we will again seek this vocational education assistance.

The amendment also adds four other sections.

Section 6 would direct the Secretary of the Interior to develop options for the Congress for the future use of Water Island in consultation with the Governor of the Virgin Islands.

This 500-acre island in St. Thomas harbor was transferred to the Interior Department by Public Law 82-511 so that use of the property could help develop the territory's then fledging tourism industry. Shortly afterward in 1952, the property was leased to a business venture formed to develop it.

A small hotel was built on the island and a number of homesites were subleased. Even though the Federal Comptroller for the Virgin Islands found in 1972 that the island was being developed primarily for private residences and only secondarily as a resort, the lease was renewed for a second 20-year term.

An investigation by Interior's Inspector General concluded recently that the Department's lease and management of the property were deficient. A hearing chaired by Delegate DE LUGO, who sponsored this provision, further established this.

Our intent with respect to the future use of the fourth largest of the Virgin Islands should be what it was in 1952: To help develop the territory. The island should be part of the community.

This provision requires that all viable possibilities for use of the island be developed including, but not limited to: Transferring it to the territory as other unneeded property was transferred in the past; a new lease on more reasonable terms; sale to those using the property now; or preservation as a public resource.

The options may be developed through consultation with all parties, notwithstanding Public Law 96-205. That law prevents the extension, renewal, or renegotiation of the lease without prior authorization. These prohibitions will stand.

Section 7 would make American Samoa, Guam, and the Northern Mariana Islands eligible to receive State Justice Assistance Act grants as a single State. Half of the State allocation under Public Law 98-473 would be allocated to Guam, one-third to American Samoa, and one-sixth to the Northern Mariana Islands.

The Justice Assistance Act itself, of course, is a matter within the jurisdiction of the Committee on the Judiciary. I appreciate the cooperation of the distinguished chairman of that committee, PETER RODINO, and the chairman of the subcommittee, BILL HUGHES, in developing this section and including it in this insular areas bill.

Last year, the House voted to make these areas eligible for the grants as they had been eligible for law enforcement assistance grants. Unfortunately, the other body did not include a similar provision in its bill and the conference did not include the Pacific insular areas as States in the program.

The omission is unfortunate because coping with crime in a small jurisdiction can require capabilities as broad and as expert as in much larger jurisdictions. The situation in Guam is the most serious: Recent rates of murder and forcible rape are more than double the national average.

This provision, requested by Delegates SUNIA and BLAZ, is an effort to compromise with the other body. It would provide grants to the Pacific islands but only in amount less than provided other jurisdictions.

Section 8 would make the smaller insular areas eligible to participate in the Hunter Safety Program of the Federal Aid in Wildlife Restoration Act. The provision would amend that law to allocate one-sixth of 1 percent of the program's funds each to American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands.

The Wildlife Restoration Act itself, of course, is a matter within the jurisdiction of the Committee on Merchant Marine and Fisheries. I appreciate the cooperation of the distinguished chairman of that committee, WALTER JONES, and the chairman of the subcommittee, JOHN BREAUX, in developing this section and including it in this bill.

There is no apparent reason for the exclusion of the insular areas from the hunter program, which reimburses States for 75 percent of safety education costs. The insular areas have long received funds for wildlife restoration projects and have many hunters who should receive safety training.

As I noted at the outset of my remarks, Mr. Speaker, this bill has been developed in consultation with the other body. I am aware of the other insular matters they are considering adding to this omnibus legislation and expect that we will recommend some to the House.

Finally, I would like to emphasize that this bipartisan legislation would not be possible without the dedication and sensitivity of the gentleman from California, the committee's minority spokesman on insular matters; the committee's ranking Republican, DON YOUNG; and the gentleman from New Mexico, MANUEL LUJAN. I thank them for joining our colleagues RON DE LUGO, FOFO SUNIA, and BEN BLAZ and me in developing this measure.

SYNOPSIS OF H.R. 2478

Section 1 would authorize the people of the Virgin Islands to make laws by initiative and recall officials. (Reported but revised.)

Section 2 would authorize the Northern Mariana Islands to reprogram appropriations for its economic development loan fund to capital improvements needed for economic development. (Reported.)

Section 3 would clarify that American Samoa, Guam, and the Virgin Islands have full concurrent jurisdiction over federal property in those territories. (Reported but revised.)

Section 4 would authorize funds for completion of the Eastern Caribbean Center proposed in the President's Caribbean Basin Initiative. (Reported.)

Section 5 would authorize Guam law to determine how the territory's schools are administered. (New.)

Section 6 would require the Secretary of the Interior to submit to Congress options developed in consultation with the governor of the Virgin Islands for the future use of Water Island. (New.)

Section 7 would authorize American Samoa, Guam, and the Northern Mariana Islands to participate in the Justice Assistance Program as a single state. (New and cleared with Judiciary.)

Section 8 would authorize to the smaller insular areas to participate in the Hunter Safety Program as they participate in the Federal Aid in Wildlife Restoration Program. (New and cleared with Merchant Marine and Fisheries.)

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Mr. LAGOMARSINO. Mr. Speaker, further reserving the right to object, this legislation is the product of bipartisan collaboration and consultation with the administration and the other body. It meets trust responsibilities and has the approval of the Office of Management and Budget.

Mr. DE LUGO. Mr. Speaker, will the gentleman yield?

Mr. LAGOMARSINO. Mr. Speaker, further reserving the right to object, I yield to the gentleman from the Virgin Islands.

Mr. DE LUGO. I thank the gentleman for yielding.

Mr. Speaker, I want to thank the gentleman from Arizona [Mr. UDALL], chairman of the Interior and Insular Affairs Committee, for his support in bringing H.R. 2478 to the floor today. Thanks to his leadership, the proposal before you today is the result of careful consideration and compromise, and comes to the floor with bipartisan support. I also want to thank the gentlemen from across the aisle, Mr. YOUNG, Mr. LUJAN, and Mr. LAGOMARSINO, for their support. This proposal contains several items of importance to each of the Representatives from the U.S. insular areas, and I urge a vote in favor of its passage.

Last year, during my reelection campaign, I made a promise to the voters of the U.S. Virgin Islands that I would seek legislation which would empower them to act by initiative, referendum, and recall. Section 1 of H.R. 2478 would achieve this. As one who has made representative government his life's work, I did not suggest the idea lightly. I am convinced that initiative, referendum, and recall are extraordinary processes, to be exercised conservatively. The usual arguments come to mind: legislators are expected to devote time and the expertise available to their offices to become knowledgeable on issues presented, they can balance the impact of a proposition against the general interests of the community, they can compromise. The public, on the other hand, is limited to the position as stated by the initiative proponents, the public can be manipulated by the initiative proponents, recall can be used by political opponents to perpetuate the campaign, and so on.

Most important in my consideration of whether or not to seek initiative, referendum, and recall in the past has been the sense that the Virgin Islands did not need this vehicle for political action. This perception changed when, last year, just before the election, the local legislature passed a zoning change which would have allowed a hotel development at one of the most prized possessions of the territory, Magens Bay Beach. The zoning change passed into law as an amendment to a budget bill—there were no public hearings, no debate. The outrage in the community was reflected in the fact that a majority of the Senators then in office did not return. But what could the public have done to effectively overturn this legislation if the outlet presented by the imminent elections was not available?

I believe that initiative, referendum, and recall provide a necessary outlet for what might otherwise yield anger, frustration, and, worst of all, apathy. The public must have the opportuntity to act when outraged by the actions, or failure to act, of their elected representatives. This is particularly true in the U.S. Virgin Islands where the public is politically aware and active. Voter turnout in the Virgin Islands runs between 75 to 80 percent in general elections.

Because the initiative, referendum, and recall processes are complex and some other jurisdictions have experienced difficulty in their application, the legislation I originally introduced has been amended in committee, and, after additional review and discussion with my colleagues on the Interior and Insular Affairs Committee, the bill as offered today contains additional amendments. The changes proposed today do not deviate from the concept approved by the committee, which was to grant to the Virgin Islands authority enjoyed by over half the States and hundreds of localities. The modifications in the proposal before you are intended to establish guidelines for the initiative, referendum, and recall process which would assure reliable presentation of proposals to the public, while avoiding propositions with negligible support. Let me walk you through the bill.

First. What can the initiative petition do?

The initiative petition may propose legislation that would enact a law, or would amend or repeal existing laws.

The initiative cannot affect emergency laws, or laws reducing taxes—unless there is an equivalent reduction in expenditures or appropriations or in the revenues otherwise required to meet the obligations of the Virgin Islands.

The initiative can only address one subject.

Second. What steps must the proponent take?

Devise a petition which states the full text of the proposal.

Get 1 percent of the voters from each election district or 4 percent of the voters of the Virgin Islands to support the petition, and get the supervisor of elections to certify the petition.

Get the petition titled and summarized by a board (composed of the attorney general, supervisor of elections, and the legislative counsel of the Virgin Islands Legislature) at an open hearing provided for such purpose.

Get signatures of at least 10 percent of the registered voters in each legislative district, or 41 percent of all registered voters to support the initiative as titled and summarized.

The initiative proponent(s) must then file the petition with the legislature. If the legislature adopts the proposal, it shall take effect, according to its terms. If the legislature rejects the proposal or fails to act within the specified period, the initiative shall be the subject of a vote held at the next general election—unless, the legislature approves a special election on the initiative.

The initiative will take effect upon the affirmative vote of a majority of those voting, provided that more than half of the registered vote on the proposal.

The Governor may not veto an initiative, and the initiative may not be amended or repealed by the legislature until 3 years have passed, unless the legislature acts by a two-thirds majority.

The form of the ballot question must be such that a "yes" vote is in favor of the proposal, and a "no" vote is in opposition to the proposal. This should ensure that the intention of the vote is absolutely clear.

Further details on the process are delegated to the legislature, which may provide the manner in which the petition is circulated, certified, filed, and the title and summary is put to the voters.

Third. What does the recall provision grant?

A registered voter may seek the recall of any elected official of the Virgin Islands Government, provided that official is not serving the first year of his or her first term of office, and provided the petition alleges that the official is either unfit to serve, incompetent, has neglected his or her duty, or is corrupt.

A recall election can result from a vote of two-thrids of the legislature in favor of recall, or from an appropriate petition by the voters.

Fourth. What must the voter seeking a recall election do, and what is required for a successful recall?

The petition must identify the official to be recalled by name and office.

The petition must state the reason(s) for recall.

The petition must be signed by 50 percent of the votes cast for that office in the last general election at which that office was filled.

The signatures must be certified by the Board of Elections.

The recall election must be held within 30 to 60 days of certification, but no recall election would occur within 3 months of a general election for the office in question.

The official would be recalled if two-thirds of the number of persons who voted for the official in the last preceding election vote in favor of recall, provided this constitutes a majority of those voting on the recall.

The process I have outlined is the result of review by the Interior and Insular Affairs Committee working in conjunction with the administration staff. It would be included in the Revised Organic Act of the Virgin Islands, which serves as the territory's constitution.

As the Virgin Islands community grows, problems gain in complexity. There is less the margin for error in the decisions we

make regarding our future. The local community is acutely aware of this, and is less flexible with regard to critical questions of development and service. The authority I request today should assure that decisions made will reflect the interests of a healthy, active community.

Section 3 of the bill is intended to clarify the extent of the concurrent jurisdiction which each territory shares with the Federal Government over Federal property located in the territory. The need to clarify this arose when the Federal district court in the Virgin Islands ruled last year that the Virgin Islands Government did not have jurisdiction over the use of federally owned property, and thus would not extend the open beach laws to the federally owned Water Island.

Section 4 of the bill would authorize funding for the Eastern Caribbean Center at the College of the Virgin Islands. Congress has appropriated funds in the past to develop the concept of the center as an adjunct to the Caribbean Basin Initiative. Last year, Congress also appropriated funding to develop curricula for the center and to research specific educational needs of developing Caribbean nations. The latter is an area in which the College of the Virgin Islands already has considerable expertise.

I believe that the Virgin Islands is uniquely situated to play a strong role in this country's renewed focus on the Eastern Caribbean region. The authority proposed under section 4 would enable the College of the Virgin Islands to continue its effort to encourage the close relationship between this country and its neighbors to the south which the Caribbean Basin Initiative suggested.

Again, I would like to thank Chairman UDALL and the minority leadership of the Interior and Insular Affairs Committee for their support in bringing this bill to the floor.

I urge my colleagues to support the passage of H.R. 2478.

Mr. LAGOMARSINO. Mr. Speaker, further reserving the right to object, I want to commend the Delegates from the territories: Mr. BLAZ of Guam, Mr. DE LUGO of the Virgin Islands, and Mr. SUNIA of American Samoa, for the cooperative effort that has gone into producing this legislation.

I also want to acknowledge the contributions of the Resident Representative of the Northern Mariana Islands—Mr. Froilan Tenorio.

Although the islands share many of the same concerns, they each have unique needs. While this omnibus bill does provide for some of those needs, it also meets the joint requirements of the territories.

It is that spirit of cooperation, considering the needs of the territories as a whole, that I commend.

Mr. LUJAN. Mr. Speaker, will the gentleman yield?

Mr. LAGOMARSINO. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from New Mexico.

Mr. LUJAN. I thank the gentleman for yielding.

Mr. Speaker, I rise in support of this legislation, and to congratulate all of these gentlemen who have been mentioned. I think that the committee has discharged its duties as far as the territories are concerned in very admirable fashion, and I would ask for support of this bill.

Mr. SUNIA. Mr. Speaker, will the gentleman yield?

Mr. LAGOMARSINO. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from American Samoa.

Mr. SUNIA. I thank the gentleman for yielding.

Mr. Speaker, I urge support of this legislation.

Mr. LAGOMARSINO. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. DOWDY of Mississippi). Is there objection to the request of the gentleman from Arizona?

There was no objection.

The Clerk read the bill, as follows:

H.R. 2478

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Section 12 of the Revised Organic Act of the Virgin Islands (82 Stat. 838), as amended, is revised to read as follows:

"SEC. 12. (a) The people of the Virgin Islands shall have the rights of initiative, referendum, and recall to be exercised as follows:

"(1) Initiatives may be proposed to enact, amend, or repeal laws of the Virgin Islands, except public exigency laws, laws providing for tax levies or appropriations for operating expenses or revenues required to meet the obligations of the Virgin Islands.

"(2) An initiative may be proposed by a petition that sets forth the full text of the proposal and is certified to have been signed by at least 10 percent of the qualified voters of each legislative district or by 41 percent of the qualified voters of the Virgin Islands.

"(3) An initiative petition shall be filed with the legislature. If adopted by the legislature within 30 days of the filing of the petition, the proposal contained in the petition shall take effect in accordance with its terms. If the legislature fails to act within 30 days, the proposal shall be submitted to the voters in a referendum at the next general election or at a special election held before the next general election.

"(4) An initiative shall take effect upon the affirmative vote of a majority of the qualified voters of the Virgin Islands. An initiative may not be vetoed by the Governor, and, when adopted by the people, may not be amended or repealed by the legislature in office when the petition was filed unless the initiative permits subsequent amendment or repeal without their approval.

"(5) A copy of the initiative petition shall be submitted to the Attorney General of the Virgin Islands, who shall prepared a title and summary of the measure.

"(6) The legislature may provide the manner in which petition shall be circulated, filed, certified, and the initiative and the title and summary shall be submitted to the voters.

"(7) No initiative may be proposed on more than one subject.

"(b)(1) Elected public officials of the Virgin Islands may be recalled by the qualified voters of the Virgin Islands. A recall petition shall identify the official to be recalled by name and office and be signed by at least 30 percent of the persons qualified to vote for that office. The petition shall state the reasons for recall.

"(2) A special recall election shall be held within sixty days of the filing of the recall petition. An official shall be recalled upon the affirmative vote of two-thirds of those voting on the question.

"(3) A recall petition may not be filed during the first year of the first term of office of an elected official and not less than three months before a general election nor more than once a year except for cause.".

SEC. 2. Appropriations made under authorization of subsection (c) of section 702 of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, approved by Public Law 94-241, may be expended for capital improvement projects which facilitate the economic development of the commonwealth.

SEC. 3. Section 4(a) of the Act of November 20, 1963 (77 Stat. 338) is amended to read as follows: "(a) Except as otherwise provided in subsection (b), the governments of the Virgin Islands, Guam, and American Samoa shall have general concurrent legislative jurisdiction with the United States over property owned, reserved, or controlled by the United States in the Virgin Islands, Guam, and American Samoa respectively.".

SEC. 4. Effective October 1, 1985, there is authorized to be appropriated to the Secretary of the Interior, $1,200,000 for grants to the College of the Virgin Islands for projects related to the Eastern Caribbean Center, to remain available until expended.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. UDALL

Mr. UDALL. Mr. Speaker, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. UDALL: Page 1, line 3, strike out all after the enacting clause and insert the following:

That section 12 of the Revised Organic Act of the Virgin Islands (48 U.S.C. 1593), is amended to read as follows:

"SEC. 12. (1) The people of the Virgin Islands shall have the rights of initiative and recall to be exercised as provided in subsection (b) and subsection (c), respectively.

"(b)(1) An initiative may enact, amend, or repeal any law, except that an initiative shall not be used to repeal a law declared by the legislature at the time of passage to be an emergency law necessary for the preservation of the public health, safety, or peace.

"(2) An initiative that proposes a reduction of taxes shall also provide for an equivalent reduction of expenditures or an equivalent increase in revenues from other sources.

"(3) An initiative shall address one subject only and matters reasonably related to that subject.

"(4) The ballot question shall be in such form that a "yes" vote is a vote in favor of the proposal and a "no" vote is a vote against the proposal.

"(5) A copy of the proposed initiative petition, including a complete text of the proposed law and containing signatures equal to at least 1 percent of the voters of each legislative district or 4 percent of all voters of the Virgin Islands must be submitted to the Supervisor of Elections prior to circulation for ballot qualification. The Supervisor of Elections must determine within 10 days after the submission whether the preliminary signatures are sufficient. If so determined, the Supervisor of Elections shall refer the preliminary petition to an initiative titling board consisting of the Attorney General, the Supervisor of Elections, and the legislative counsel of the legislature. The board shall, in an open hearing, prepare the official ballot title, the submission question, and a summary of the initiative proposal, and this preparation shall be completed within 30 days after the referral.

"(6) After the ballot title has been written, proponents of the initiative proposal shall have a maximum of 180 days to circulate the petition. Petitions containing signatures equal to at least 10 percent of the voters of each legislative district or 41 percent of all voters of the Virgin Islands must be submitted to the Supervisor of Elections. The Supervisor shall have 15 days to determine that the minimum number of valid signatures are contained in the petition and he shall forward the certified proposal to the legislature which must accept or reject the measure within 30 days. If approved, the initiative shall take effect in accordance with its terms. If the legislature does not approve, the initiative shall be submitted to the voters at the next general election, unless the legislature approves a special election for this purpose. The legislature may submit its own version of the initiative to the voters. Should both measures be approved by the voters, the measure receiving the higher number of votes shall prevail. The voters shall have a clear alternative of rejecting either version or the entire proposition.

"(7) An initiative submitted to the voters shall take effect if the initiative is approved by a majority of persons voting and if a majority of the voters of the Virgin Islands vote on the initiative. An initiative may not be vetoed by the Governor, and when approved by the voters, may not be amended or repealed by the legislature during the 3-year period after its approval unless the legislature acts by a two-thirds majority.

"(8) The legislature may provide the manner in which petitions shall be circulated, filed, certified, and the ballot question shall be submitted to the voters.

"(c)(1) An elected public official of the Virgin Islands may be removed from office by a recall election carried out under this subsection. The grounds for recall are any of the following: lack of fitness, incompetence, neglect of duty, or corruption.

"(2) A recall election may be initiated by a two-thirds vote of the members of the legislature or by a petition under this subsection.

"(3) Prior to circulation a recall petition which identifies by name and office the official being recalled and which states the grounds for recall shall be submitted to the Supervisor of Elections. The sponsors of the recall petition shall be allowed a period of 60 days after such submission for filing with the Supervisor of Elections a list of signatures equal in number to at least 50 percent of the whole number of votes cast for that office in the last general election at which that office was filled. The Supervisor of Elections shall have 15 days in which to determine whether the minimum number of valid signatures are contained in the recall petition.

"(4) A special recall election shall be held with respect to an elected public official not earlier than 30 days after a vote of the legislature under paragraph (2) or a determination of the board of elections under paragraph (3), as the case may be, and not later than 60 days after such vote or determination.

"(5) An official shall be removed from office upon approval of the recall in an election in which at least two-thirds of the number of persons voting for such official in the last preceding general election at which such official was elected vote in favor of recall and in which those so voting constitute a majority of all those participating in such recall election.

"(6) No recall election shall be held with respect to an elected public official—

"(A) during the first year of the first term of office of the official; or

"(B) less than 3 months before a general election for the office.

"(d) As used in this section, the term—

"(1) 'law' means a law of the Virgin Islands; and

"(2) 'voter' means a registered voter who is eligible to vote on the issue or for the office involved.".

"SEC. 2. Appropriations through fiscal year 1986, made under authorization of subsection (c) of section 702 of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, approved by Public Law 94-241, may be expended for capital improvement projects which facilitate the economic development of the commonwealth.

"SEC. 3. The first sentence of section 4(a) of the Act of November 20, 1963 (77 Stat. 339) is amended to read as follows: '(a) Except as otherwise provided by law, the governments of the Virgin Islands, Guam, and American Samoa, shall have concurrent civil and criminal jurisdiction with the United States with regard to property owned, reserved, or controlled by the United States in the Virgin Islands, Guam, and American Samoa respectively.'.

"SEC. 4. Effective October 1, 1985, there are authorized to be appropriated $1,200,000 to the Secretary of the Interior for grants to the College of the Virgin Islands for projects related to the Eastern Caribbean Center, to remain available until expended.

"SEC. 5. Section 29(b) of the Organic Act of Guam (64 Stat. 392) is amended by striking out 'Governor' and inserting in lieu thereof 'Government of Guam'.

"SEC. 6. The Secretary of the Interior is authorized and directed to develop, in consultation with the Governor of the Virgin Islands, options for the future use or disposition of Water Island which would contribute to economic growth in and make the island an integral part of the Virgin Islands community. The Secretary shall submit such options to the Committee on Interior and Insular Affairs of the House of Representatives and the Committee on Energy and Natural Resources of the Senate within ten days after the convening of the 100th Congress.

"SEC. 7. Section 90.1(a) of part I of Title I of the Act of June 19, 1968 (82 Stat. 225, as amended, 42 U.S.C. 3791(a)) is further amended—

"(1) in paragraph (2)—

"(A) by striking out 'and' and

"(B) by inserting before the semi-colon the following: ', American Samoa, Guam, and the Northern Mariana Islands: *Provided,* That for the purposes of Section 407(a) American Samoa, Guam, and the Northern Mariana Islands shall be considered as one State and that, for these purposes, 33 percentum of the amounts allocated shall be allocated to American Samoa, 50 percentum to Guam, and 17 percentum to the Northern Mariana Islands' and

"(2) in paragraph (3)—

"(A) by striking out ', Guam, American Samoa' and inserting 'and' in lieu thereof and

"(B) by striking out all that appears after 'Pacific Islands' and inserting a semicolon in lieu thereof.

"SEC. 8. (a) Section 8a of the Act of September 2, 1937 (50 Stat. 918, as amended and supplemented, 16 U.S.C. 669g-1) is amended by deleting the word 'Act,' the first place it appears and inserting in lieu thereof: 'Act, and hunter safety programs as provided by section 8(b) of this Act,'.

"(b) Section 4(b) of the Act of September 2, 1937 (50 Stat. 918, as amended and supplemented, 16 U.S.C. 669c(b)) is further amended by striking the period at the end of the first sentence and adding: 'and Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands shall each be apportioned one-sixth of one per centum of such revenues.'."

Mr. UDALL (during the reading). Mr. Speaker, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. UDALL. Mr. Speaker, the amendment in the nature of a substitute has been discussed and explained previously, and I ask for a vote on the amendment.

The SPEAKER pro tempore. The question is on the amendment in the nature of a substitute offered by the gentleman from Arizona [Mr. UDALL].

The amendment in the nature of a substitute was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to amend the Revised Organic Act of the Virgin Islands, to amend the Covenant to Establish a Commonwealth of the Northern Mariana Islands, to amend the Organic Act of Guam, to provide for the governance of the insular areas of the United States, and for other purposes."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. UDALL. Mr. Speaker, I ask unanimous consent that all Members

may have 5 legislative days within which to revise and extend their remarks on H.R. 2478, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

NATIONAL AGRICULTURE DAY

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 70) to proclaim March 20, 1985, as "National Agriculture Day," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, and I will not object, I simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. DE LA GARZA. Mr. Speaker, will the gentleman yield?

Mr. HANSEN. I yield to the gentleman from Texas, who is the chief sponsor of House Joint Resolution 137, National Agriculture Day.

Mr. DE LA GARZA. I thank the gentleman for yielding.

Mr. Speaker, this is to assure the gentleman and my colleagues in the House that this is our effort to commend those who produce the food and fiber that feeds all of us here in the United States and helps us bring some resources, the money back from that which we sell abroad.

This is a commendable piece of legislation that I would urge all of my colleagues to adopt.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. HANSEN. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from New York.

Mr. GILMAN. I thank the gentleman for yielding.

Mr. Speaker, I rise in strong support of Senate Joint Resolution 70, designating March 20, 1986, as "National Agriculture Day." As Congress grapples with the many difficult issues surrounding our troubled agricultural and related agricultural industries and future U.S. farm policy, it is particularly appropriate that we adopt this resolution to afford our Nation an opportunity to reflect on the integral role agriculture plays in our lives and our economy.

Agriculture is this country's most basic industry; together with its associated production, processing, and marketing segments, agriculture provides more jobs than any other single industry. Each time we partake of a meal; drink a cup of coffee or a glass of milk; everytime we cut into a loaf of bread and spread butter and jam on that bread, we are reaping the rewards of our agricultural riches. When we think of the less fortunate nations, they are frequently countries characterized as infertile, barren, and drought stricken. Indeed, as we look around the world at our brothers and sisters in Africa, India, and other famine-stricken lands, we realize how fortunate we are to have been blessed with productive lands and the knowledge and technology to continue to make those lands produce. National Agriculture Day would be a fitting time to give thanks for these great treasures.

It is especially timely that we consider legislation designating National Agriculture Day at this time. It is my understanding that the House Agriculture Committee will be marking up legislation to reorganize the Farm Credit Administration [FCA] throughout this week. Members of the House and Senate Agriculture Committees are also in the process of readying themselves for a conference on the 1985 farm bill. Both of these legislative initiatives are of vital importance to our domestic agricultural industries and warrant the full attention of the Congress. By adopting this resolution Congress would be demonstrating our bipartisan support for our Nation's farmers.

As an original cosponsor of the House companion bill, House Joint Resolution 137, I look forward to joining on March 20, 1986, with the many farmers, grocers, individuals in related industries, and consumers who reside in my 22d Congressional District, to celebrate National Agriculture Day. I thank the gentleman from Texas, the distinguished chairman of the House Committee on Agriculture [Mr. DE LA GARZA], for introducing this worthy resolution and for his enormous contribution to U.S. agricultural policy. Accordingly, I urge my colleagues to support the adoption of Senate Joint Resolution 70.

Mr. HANSEN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 70

Whereas agriculture is the Nation's most basic industry, and its associated production, processing, and marketing segments together provide more jobs than any other single industry; and

Whereas the productivity of American agriculture is a vital ingredient in our strength as a Nation, both domestically and on the world scene; and

Whereas to maintain a healthy agriculture it is necessary that all Americans should understand how agriculture affects their lives and well-being, and should be aware of their personal stake in an abundant food and fiber supply: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That March 20, 1985, is hereby proclaimed "National Agriculture Day", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe this day with appropriate ceremonies and activities.

AMENDMENT OFFERED BY MR. GARCIA

Mr. GARCIA. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GARCIA: On page 2, line 3, strike out "March 20, 1985" and insert in lieu thereof "March 20, 1986".

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from New York [Mr. GARCIA].

The amendment was agreed to.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed.

AMENDMENT TO THE TITLE OFFERED BY MR. GARCIA

Mr. GARCIA. Mr. Speaker, I offer an amendment to the title.

The Clerk read as follows:

Title amendment offered by Mr. GARCIA: Amend the title so as to read "A joint resolution to proclaim March 20, 1986, as 'National Agriculture Day' ".

The title amendment was agreed to.

A motion to reconsider was laid on the table.

YEAR OF THE FLAG

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 424) to designate the year of 1986 as the "Year of the Flag," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I will not object, but would simply like to inform the House that the minority has no objection to the legislation now being considered.

Mr. COBEY. Mr. Speaker, will the gentleman yield?

Mr. HANSEN. I yield to the gentleman from North Carolina, who is the chief sponsor of House Joint Resolution 424, to designate the year of 1986 as the "Year of the Flag."

Mr. COBEY. I thank the gentleman for yielding.

Mr. Speaker, it was really an honor and a pleasure to introduce this joint

resolution with the gentleman from New York, EDOLPHUS TOWNS, which would designate 1986 the "Year of the Flag."

Mr. Speaker, I believe the American flag must be raised in respect and awareness and in commitment to keeping America vibrant, strong, and free. Great strides have been made in the battle to stem the apathy and ignorance toward our great American symbol.

The Constitution is approaching its 200th birthday. The Statue of Liberty is regaining her beauty. Public awareness and involvement is on the rise, yet our greatest symbol, the American flag, is going unrecognized.

By taking the initiative, we will bring renewed understanding and appreciation of our flag. By designating 1986 as the "Year of the Flag," we will heighten awareness and interest in the relationship of the flag to our American heritage. We can elevate the flag to its rightful position of honor and understanding.

The flag is a living symbol of American ideals, traditions, and unity. The flag stands for the values and purity of self-sacrifice that have made this country great.

I am pleased that we are honoring the red, white, and blue by designating 1986 as the "Year of the Flag."

At this time, I want to thank the many cosponsors who made this bill possible, and pay special thanks to the gentleman from New York [Mr. GARCIA] and the ranking member, the gentleman from Utah [Mr. HANSEN].

Mr. HANSEN. Mr. Speaker, I join the gentleman in his excellent remarks.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 424

Whereas the flag of the United States is a symbol of our Nation and its ideals, traditions, and institutions;

Whereas the flag is also symbolic of the territorial development of the Nation, and the tremendous effort, sacrifice, and love of country that made such development possible;

Whereas the stars of the flag signify the number of States in the Union today and the stripes signify the number of States in the original Union;

Whereas the colors of the flag signify qualities of the human spirit which all Americans should strive for: red for hardiness and courage, white for purity and innocence, and blue for vigilance and justice;

Whereas awareness and appreciation of their Nation's ideals, traditions, development, and accomplishments are important in inspiring and guiding citizens' efforts in carrying the American legacy into the future;

Whereas citizen interest in and appreciation of the flag and its development, meaning, and relationship to the American heritage is vitally important, so that it may always serve as an effective reminder of the ideals, accomplishments, and lessons of history for which it stands;

Whereas citizen awareness, interest, and appreciation of the flag and its relationship to the American heritage has declined in recent years, thereby threatening its effectiveness in reminding citizens of their heritage and inspiring them in their daily lives;

Whereas there is a need for renewed interest in the flag, and a promotion of awareness of its relationship to the Nation's Constitution, values, heritage, and accomplishments;

Whereas a commemorative year would serve to heighten such interest in and awareness of the flag, by encouraging efforts to educate citizens regarding the relationship of the flag to their heritage, and celebrations honoring the flag;

Whereas 1986 is the two hundredth anniversary of the first call for a Federal constitutional convention;

Whereas 1986 is the year of the rededication of the Statue of Liberty; and

Whereas the two hundredth anniversary of the first call for a Federal constitutional convention is an appropriate occasion to commemorate the flag as the symbol of American heritage for which the Constitution serves as foundation and the Statue of Liberty serves as a beacon: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That 1986 is designated the "Year of the Flag". The President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such year with appropriate ceremonies and activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WALT DISNEY RECOGNITION DAY

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 377) to designate December 5, 1985, as "Walt Disney Recognition Day," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

□ 1850

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object, but simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, under my reservation, I yield to the distinguished gentleman from California [Mr. DORNAN] who is the chief sponsor of House Joint Resolution 377, Walt Disney Recognition Day.

Mr. DORNAN of California. Mr. Speaker, I just wanted to thank all of my colleagues in the House, over 225 of them, who so graciously and instantaneously agreed to support this date to honor Walt Disney. There is almost nothing you can say that has not been said about this great and loving American. From Presidents, to Princes of Wales, to people in the street, to little children everywhere, worldwide, from Tokyo to Europe, which may see a Disney World, Disneyland-like project within this decade, there has never been such a spontaneous, overwhelming show of joy and affection toward one man and the creatures that he infused with so much love.

To think that a man born in the middle of this country while still a young man could just take a pencil to a paper and draw a tiny little thing as simple as a mouse and infuse it with so much love that it could become a treasured worldwide symbol, it is just incomprehensible.

I took one of my four grandchildren to the anniversary of Disneyland just this last July, and I wondered if my grandson, who is 2 years and 2 months old, Kevin, would comprehend what he was seeing. And when the parade started and the music played "Thank You, Mickey, Thank You, Donald, For 30 Years of Fun," they were referring only to Disneyland because Donald had just celebrated his 50th birthday. And I saw my grandchild's eyes open as wide as is possible, and as the parade passed in front of us, Mickey came over and gave Kevin Griffin a hug and then Donald, and then all of the other early creatures. And then came Peter Pan, and Snow White, and all of the Seven Dwarfs hugging him. And this little 2-year-old turned around to me and said, "Poppy, I am happy, I am happy. Thank you, Mickey," he mumbled all the way home.

Well, we thank you, Mickey, from 2 years of age to 82 years of age and what we really mean is thank you, Walt Disney. I think it is just wonderful that this House and the other body soon and our President will recognize this great American.

I really thank the chairman and the ranking minority member for bringing this legislation forward.

Mr. GARCIA. Mr. Speaker, will the gentleman yield?

Mr. HANSEN. I yield to the gentleman from New York.

Mr. GARCIA. Mr. Speaker, I would just like my colleague to know that our colleague from California, who on this floor is known as a shy, withdrawn Member, has been very aggressive in seeking the recognition of Walt Disney, and I would like the world to know, and especially my colleagues here in Congress, that all of us, whether we are liberals or conservatives, Re-

publicans or Democrats, to the left or to the right, we all have one thing in common, and that is our love for the characters that Walt Disney has brought to us all as Americans, and I thank my colleague from California because I think that this resolution is a good, solid resolution.

Mr. DORNAN of California. I thank the chairman, and I will see you in the Rose Garden with Mickey and the President and all of the rest.

Mr. HANSEN. Mr. Speaker, I associate myself with the excellent remarks of the two gentleman who have just spoken. I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution as follows:

H.J. RES. 377

Whereas in 1985 there occurs the 30th anniversary of the founding of Disneyland;

Whereas December 5, 1985, is the 84th anniversary of the birth of the founder of Disneyland, Walter Elias Disney;

Whereas the delightful characters created by Walt Disney, including Mickey Mouse and Donald Duck, have brought joy to several generations;

Whereas Walt Disney used the characters he created to promote family values and to teach civic and moral lessons;

Whereas the unceasing commitment of Walt Disney to excellence led him to perfect animation as an art form;

Whereas Walt Disney produced nature documentaries that yielded fascinating insights into the animal kingdom and emphasized the importance of conserving the natural heritage of the Nation;

Whereas Walt Disney devoted an enormous amount of time and resources to improving the quality of urban life in the United States through the construction of Walt Disney World and Epcot Center;

Whereas classic films produced by Walt Disney included Fantasia, Bambi, and the first full-length animated cartoon, Snow White and the Seven Dwarfs; and

Whereas Walt Disney was an American folk hero who became famous worldwide; Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That December 5, 1985, hereby is designated "Walt Disney Recognition Day", and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe such day with appropriate ceremonies and activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL AUTISM WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 440), to designate the week of December 1, 1985, through December 7, 1985, as "National Autism Week," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object, but simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, under my reservation of objection, I yield to the gentleman from New York [Mr. BIAGGI], who is the chief sponsor of House Joint Resolution 440.

Mr. BIAGGI. Mr. Speaker, it is with great pride that I am able to have sponsored House Joint Resolution 440, which proclaims this week of December 1, 1985, as National Autism Week. I am grateful to my cosponsors for their support of this resolution and applaud you for allowing me to bring this distressing mental disorder into the public eye and out from under the shroud of myth and ignorance.

Autism is a severely incapacitating, lifelong, developmental disability whose symptoms include unusual sensory responses, lack of understanding of speech and visual language, extreme emotional responses and social withdrawal. Autism is not, however, a form of mental illness. It is, rather, a neurological brain disorder, which although not yet curable, is generally treatable. In the United States alone, autism affects over 350,000 children and adults. This represents approximately 15 out of every 10,000 births and it is 4 times more prevalent among males than among females.

Severe autism may cause extreme forms of repetitive, self-injurious behavior. This behavior may be very difficult to control and poses a tremendous challenge to those who must manage, treat, and teach autistic people. Indeed, perhaps the greatest tragedy of autism is in the way it affects the family. The presence of an autistic person in a family can be overwhelming; and the need for strong family support services as well as special education for the autistic person is usually necessary.

One organizaton which has risen to this challenge is the National Society for Children and Adults with Autism. Appropriately, National Autism Week would coincide with the 20th anniversary of NSAC. Founded in 1965, NSAC has been dedicated to the education and welfare of all persons affected by autism. It is the only national organization, with almost 200 chapters around the country, committed solely to the problem of autism. I believe I have never encountered such a dedicated and professional group of people. It is people such as NSAC and the Sylvester Stallone family, who have worked hard and long to help find a cure for this disorder, who are keeping the hopes of thousands of families alive.

Once again I'd like to thank my colleagues for supporting House Joint Resolution 440; for both recognizing the enormous contributions of the National Society for Children and Adults with Autism and bringing autism further into the light of education and understanding.

Mr. HANSEN. Mr. Speaker, I withdraw my reservation of objection.

Mr. LAFALCE. Mr. Speaker, we have the opportunity to further public awareness of autism and applaud those who work on behalf of the autistic, by declaring the week of December 1–7, 1985, as "National Autism Week."

John Gardner said:

Democracy is measured not by its leaders doing extraordinary things, but by its citizens doing ordinary things extraordinarily well.

The parents and concerned citizens who are members of and supporters of the National Society for Children and Adults with Autism have certainly fulfilled their roles as leaders. They have provided government officials and the community at large the opportunity to learn about the needs of the autistic and to respond in appropriate ways.

National Autism Week affords the opportunity to celebrate the society's achievements, and to also consider our mission—to continually remind society of our goal—meeting the needs of the handicapped—"extremely well."

Autism affects over 350,000 children and adults in the United States. Today because of extensive research, we know that autism is caused at birth or during early development by physical factors such as viral infections, prenatal and perinatal complications, dietary conditions, and toxic exposure. Research also indicates that providing proper nutritional and medical care to pregnant women and nursing mothers and young children, can prevent autism. Thus, we are reminded of the importance of the research section on autism at the National Institute of Neurological and Communicative Disorder and Stroke [NCDS] and of the Women's Infants' and Children's Supplemental Feeding Program [WIC].

Although past theories about poor parenting being the cause of autism have officially been refuted, many physicians still lack adequate training and knowledge to appropriately diagnose and serve autistic children. This is critical since the earlier remedial intervention begins, the better the child's chances for subsequent educational progress.

An appropriate education is probably the single most important service for persons with autism. Dramatic results are possible when autistic children are provided individualized, behaviorally oriented instruction. Without Public Law 94–142, which provides nondiscriminatory equal education oppor-

tunity, many of our Nation's handicapped children would continue today to remain at home. Others would be placed in a classroom, only to receive baby sitting, not educational services.

These national programs have been of significant importance to the autistic and their families. Of equal importance has been the State Developmental Disabilities [DD] Program which provides funds to bridge the gaps among services and coordinate them in the most efficient and effective manner.

I call my colleagues' attention to the extraordinary efforts of the western New York community, under the leadership of Angela Lagenor, to take advantage of the DD Program by applying for and receiving grants for special recreation, social, and educational programs to assist both autistic children and their families.

We can look with satisfaction at the significant commitment of our governments to handicapped persons. However, we dare not become complacent. Much more is needed to meet the needs of the autistic in the areas of: community living services, vocational training, respite care and general education, and social programs.

National Autism Week will remind us of our accomplishments and our responsibilities.

Mr. CONTE. Mr. Speaker, as an ardent advocate of improving and expanding medical research, I wish to bring to the attention of my colleagues and the public a relatively unknown disease. The problem to which I refer is a brain disorder called autism, which affects 350,000 Americans. As a cosponsor of a resolution which designated last week as "National Autism Week," I feel that it is very important for my colleagues to become aware of this disease.

It is distressing that the public is underinformed and that the problem is almost unknown to many Americans. Even worse than the fact that it is not popularly known is that autism has not been properly researched and its causes and cures are largely unknown.

Of those 350,000 afflicted, 118,000 are under 21 years of age, and 232,000 are adults. For some unknown reason, four times as many males than females suffer due to this abnormality in the brain. As of yet, this disorder cannot even be dealt with. There is no treatment. The best that can be done for these people is to administer certain drugs which are used to moderate some of the typical, abnormal behaviors of autistics, such as extreme hyperactivity and depression. However, just altering their behavior by chemical means is not solving the problem.

Eighty-five percent of those afflicted are considered to be dysfunctional. Symptoms of the disorder are in the victim's behaviors, some of which are their being aloof, introverted, and other persistent habits that are abnormal. People with autism may sit for hours spinning a ball; they may repeatedly flip their arms in an awkward way so as to harm themselves, and may never answer questions asked of them but only mimic the question. This last problem is termed echolalia, which means a pathological repetition of what is heard. Just imagine the frustration of a parent or teacher who works hard to teach or communicate with a child, and gets no response from the child: not just once, but all of the time.

The parents of these children accept an exceptionally heavy burden when they bear an autistic child. Many of these people must spend much more time with their children to help them relate to the world around them. In some cases, these children grow out of the problem, but others are permanently afflicted. Their parents often feel guilty for bringing the child into a world to which he may never relate. As well, some parents of autistic children can never seem to give the child the love that he needs, or that they think he needs. Human life is a very special thing and needs our attention when a number of people are not able to appreciate our society and the advantages it provides.

The National Society for Autistic Children (NSAC) is a member of the National Health Council and provides information to parents, professionals, and the general public about autism. Their efforts are for a good cause, and I would like to express my support for their work, and for familiarizing the public with a disorder that needs attention.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 440

Whereas autism is a serious disorder affecting over 350,000 children and adults;

Whereas autism is a lifelong brain disorder that prevents proper understanding of what an individual sees, hears, or otherwise senses;

Whereas autism causes severe problems in learning, communication, and behavior;

Whereas few of the general public understand this complex neurological disability;

Whereas support groups have dedicated years of service to the education and welfare of all persons with autism;

Whereas these groups remain committed to educating the general public to a better understanding of this disability; and

Whereas autism is a complex disorder that needs greater recognition and research to further understand the disability:

Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week of December 1, 1985, through December 7, 1985, is designated National Autism Week. The President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe this week with appropriate programs and activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the joint resolutions just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

INTRODUCING H.R. 883, THE HUNTERS PROTECTION ACT

(Mr. MARLENEE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. MARLENEE. Mr. Speaker, antihunting extremists are trying to "buffalo" the people of America, and I've introduced legislation to put a stop to it.

The Fund for Animals, has threatened Montana's sportsmen and cattle ranchers by promising to sabotage a much-needed legal hunt of diseased buffalo.

Buffalo from Yellowstone National Park overgraze, overfill and overflow the park and stray onto Montana ranches, exposing domestic cattle to brucellosis. The Montana Fish and Game Department has protected cattle in the past by shooting the diseased animals, and this year Montana established a bison hunting season on lands outside the park.

Mr. Speaker, brucellosis is a serious health threat to Montana cattle, and even infects humans. But the radical Fund for Animals doesn't care about the economic health of cattle ranchers, and they apparently don't care about human health, either.

Instead, these antihunting zealots have threatened to go into the field to purposely disrupt hunters. This is precisely why I introduced H.R. 883, the Hunters Protection Act, to keep groups like Fund for Animals from sabotaging legal hunts.

Antihunting activists have disrupted hunts across the country, and the Fund for Animals even published a hunter-harassment manual entitled "Tips for Hunt Saboteurs."

I hope my colleagues will read USA Today article I'm including in my statement, and I urge my colleagues to cosponsor the Hunters Protection Act, H.R. 883.

[From USA Today, July 9, 1985]

LEGISLATION AIMED AT SHOOTING DOWN ANTIHUNTING EXTREMISTS

(By Tom McNally Special for USA Today)

In recent years members of the Nation's various antihunting factions have taken to the woods before and during hunting seasons to harass ligitimate licensed hunters. The idea is to scare off animals and disturb hunters, so wildlife is protected and preserved.

Antihunting groups have published guidelines explaining how best to harass hunters. The Friends of Animals, a nonprofit group with 90,000 members, even issued a list five years ago entitled "Tips for Hunt Saboteurs."

One tip told antihunters to get into the woods before hunting season and "try to drive wildlife away. A nice loud radio or a dog on a leash will serve to make wildlife more wary of humans."

Or this: "Many hunters like to stalk along deer tracks, which are pretty well defined to a good woodsman. Placing deer repellent along these tracks will encourage the deer to move away. Just scoop up a bag of human hair from the barbershop and hang handfuls of it in little bags, about 2 or 3 feet from the ground. The deer will soon get the message that there are humans in the area and will drift away."

Another tip: "Get a cassette recording of wolf howls. Play this in the woods a few times in the days before hunting season. It will make wildlife wary."

And another: "Certain substances, such as rotten eggs, when rubbed into hunting blinds make these enclosures even more uncomfortable for hunters. Uncomfortable hunters are irritable and also poorer shots. Plastering the floor of a hunting blind with cow dung is another good idea."

Well, it's not.

Officials of the Wildlife Legislative Fund of America, a pro-hunters organization, recently disclosed that the USA's law-abiding sportsmen are "sick and tired of being the brunt of anti-hunting attacks. Hunters nationally are generating a wave of legislation to outlaw the harassment of outdoorsmen."

Most states already have laws making make hunter-harassment illegal. But many believe stronger laws are needed to forbid such harassment, and a number of states are going that route.

States where such laws already were passed are Illinois, Michigan, Arizona, Louisiana, Maine, New Hampshire, Nevada, Pennsylvania, Vermont and South Dakota.

States considering similar laws are Alaska, New York, Massachusetts, New Jersey, Minnesota, Washington, Oklahoma, Wyoming, Colorado, Missouri and Montana.

There's even a "hunter protection" bill before Congress to combat the saboteuers. Representative Ron Marlenee, R-Mont., introduced the bill January 31 "to protect the rights of hunters and sportsmen on federal land."

"Antihunting extremists have grown more and more devious in their efforts to disrupt and ruin legal hunts in this country," Marlenee said. "My bill would stop these efforts in their tracks."

Marlenee's bill proposes criminal penalties of up to five years' imprisonment and a $5,000 fine for people who destroy property to disrupt sanctioned hunts on federally owned or managed lands.

"Hunters have rights, and I want those rights protected," Marlenee said. "Hunters and other sportsmen paid a record $250 million in 1983 to purchase hunting and fishing licenses, permits, tags and duck stamps. Sportsmen have a right to enjoy their pursuits without being terrorized by antihunting zealots."

Marlenee's bill is in the House Judiciary Committee's crime subcommittee. Marlenee's spokesman says committee chairman Peter Rodino, D-N.J., is not "terribly receptive" to the bill.

But as Friends of Animals President Alice Herrington said: "We put together those tips as a joke to call press attention to the hunting world. Do you honestly believe us old ladies are dangerous to hunters? Nobody in their right mind has a death urge to go up to a hunter and do anything violent."

ARCHBISHOP'S APPEAL TO CONGRESS TO STOP DEPORTATION OF SALVADORAN REFUGEES NOW IN THE UNITED STATES

(Mr. MOAKLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. MOAKLEY. Mr. Speaker, today I will circulate amongst my colleagues in the House and Senate an important letter addressed to them by the Roman Catholic archbishop of San Salvador—Arturo Rivera Y Damas.

In a powerful and eloquent statement, the archbishop appeals to this Congress to double our efforts against the continued deportation of Salvadoran refugees now in the United States.

He stresses that the refugees who have fled his country need temporary protection because violence and civil strife are still very much a part of daily life in El Salvador.

Mr. Speaker, there is more than ample evidence to compel this Congress and this administration to extend temporary refuge to Salvadorans. I hope the archbishop's letter will touch some hearts and, in turn, result in this long overdue action.

Mr. Speaker, I would like to submit the archbishop's letter in the RECORD.

Thank you.

NOVEMBER 15, 1985.

Honorable Members of Congress of the United States of America:

Our country, El Salvador, has been living a time of suffering for the past approximately six years. The war is part of the daily life of our population throughout the country, and the profundization of the military conflict offers a future of greater pain, uncertainty and suffering for the grand majority of Salvadorans.

As a result of this war which continues to grow, there are almost a million Salvadorans who are displaced or have become refugees; they wander through different places seeking a refuge that would provide temporary relief from their agony. There are more than a million Salvadoran refugees looking for the shelter under international laws protecting refugees that is mandated by the United Nations. Protected by these laws, a good number of them have found temporary safety in countries such as Mexico, Honduras, Nicaragua, Panama, Canada, Costa Rica and Guatemala.

During my visit to your country, the United States, it was with profound concern that I was able to confirm, through numerous testimonies, that the authorities and members of the government of the United States have closed their doors and their hearts against the suffering of my people, unprotected in a foreign land.

During this time of war that El Salvador is living, deportation is an act which is contrary to the law of our Father who asked that we "clothe the naked, feed the hungry, give refuge to the persecuted . . ." To return the persecuted to the source, the origin, the cause of his suffering is an act of injustice in the eyes of Christian love.

It is in the name of this Christian love, which is the basis of the pastoral and evangelical labors of my Salvadoran Church, and in the name of the international laws expressed in the Refugee Protocols of the United Nations and the Refugee Act of 1980, that I, Archbishop Rivera y Damas, ask each and every one of you, Honorable Members of the House and the Senate of the United States of America, that you open your arms, your hearts, and your Christian charity to my suffering people and that you double your efforts against the deportation of Salvadoran refugees and in support of measures such as the Moakley-DeConcini Bill (H.R. 822, S. 377) which in some way will contribute to a temporary solution to the agony of my flock in search of refuge.

ARTURO RIVERA Y DAMAS,
Archbishop of San Salvador.

TAX REFORM BILL

The SPEAKER. Under a previous order of the House, the gentleman from Ohio [Mr. PEASE] is recognized for 5 minutes.

Mr. PEASE. Mr. Speaker, now that the Ways and Means Committee has reported out a tax reform bill, you are about to be subjected to an accelerated version of what we on the committee have experienced over the last 6 months. The special interests are about to descend on your office to tell you, from their point of view, what's wrong with the Ways and Means Committee tax bill.

In my view, the most important thing to keep in mind is the impact of the Ways and Means tax reform proposal on your constituents. What's in it for them?

You can talk all you want about tax reform in the abstract, but the average citizen will be most interested in the personal effects of tax reform.

Let's look at that bottom line. The tax reform bill would mean reduced Federal income tax for the vast majority of middle-income and low-income Americans.

At most income levels, tax rates would be lower under the Ways and Means Committee bill than under current law. For example, a family with taxable income of $22,000 would have a marginal rate of 15 percent; under current law it is 22 percent. If that family's taxable income were $42,000, the bill would impose a marginal rate of 25 percent, a significant reduction from the current system's 33 percent. No taxpayer would pay a higher marginal rate than 38 percent, in contrast to the current 50 percent top rate.

In addition, the bill would raise both the standard deduction and personal exemption, which are key determinants in measuring taxable income.

Currently, the standard deduction for joint filers is $3,670; the bill would raise it to $4,800, an increase of $1,130.

That's $1,130 subtracted from gross income before you arrive at taxable income.

Currently, the personal exemption is $1,040 for each member of the family. The bill would raise the personal exemption to $1,500 for taxpayers who itemize their deductions and to $2,000 for those who do not itemize. For a family of four, that would mean an extra $1,840 or $3,840 subtracted from gross income.

The increases in standard deduction and personal exemption mean that a family of four would pay no Federal income tax at all on the first $12,800 of gross income.

Many features of the current tax system most beneficial to middle-income taxpayers, were threatened by the President's proposal they are retained in the Ways and Means bill. The deduction for interest paid on home mortgages and the deduction for State and local taxes are both retained. Fringe benefits would continue to be free of taxation.

The committee was able to achieve this substantial reduction in taxes for Mr. and Mrs. Average American in a bill which honors President Reagan's goal of revenue neutrality, neither increasing nor decreasing the revenue raised under the current tax system.

We tapped two revenue sources that have been scandalously neglected in recent years.

First, the bill would cut down substantially on tax preferences and loopholes used by high-income Americans to shelter income from taxation.

Second, the bill would shift about $140 billion in taxes—over 5 years—from individuals to corporations. Corporate taxes have accounted for a smaller and smaller share of financing Government services over the past 30 years. In 1983, this share was a mere 6.2 percent.

The Ways and Means Committee tax reform bill is not perfect. No product of a legislative body ever is. But, if enacted, it really would represent genuine tax reform. And it really would mean tax reduction—averaging about 8.4 percent—for individual taxpayers.

□ 1905

THANKS TO OUR VETERANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota [Mr. PENNY] is recognized for 5 minutes.

Mr. PENNY. Mr. Speaker, in mid-November, in recognition of Veterans Day, I visited the Washington office of five of the major veterans' service organizations. I met with the leadership of the American Legion, Disabled American Veterans, Paralyzed Veterans of America, Veterans of Foreign Wars and Vietnam Veterans of America. I serve on the House Veterans' Affairs Committee on routinely hear testimony from these organizations and I work closely with their membership in my district. However, I wanted to learn firsthand more about how these organizations carry out their work. I wanted to hear in more detail what they know to be the fears and concerns of our veterans. I wanted a clearer understanding of how these groups felt veterans' programs would be affected by even stricter budget constraints.

I am very impressed with each of these organizations and the quality of services they provide. Each has a network of service officers throughout the country that offers direct assistance to veterans in a variety of situations such as filing a claim with the VA or seeking employment. Each organization provides strong advocacy for veterans—individually—just as I know they have provided strong advocacy for veterans collectively in the hearing rooms here on Capitol Hill.

But these organizations do even more. Our Nation's young people benefit from scholarship, leadership and recreational programs sponsored by veterans' organizations. Disaster victims from Wyoming to West Virginia can qualify for aid offered by certain veterans' groups. Disabled individuals benefit from barrier-free buildings, including polling places, as a result of the concerted efforts put forth by veterans' organizations.

The over 7 million members of these service organizations and their auxiliaries are carrying on the tradition of service to community and country that is an example for us all. We can be truly proud of and grateful for their work. We set-aside Veterans Day each November to honor our veterans. Let us remember every day of each year that America is No. 1—thanks to our veterans.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. NELSON] is recognized 5 minutes.

Mr. NELSON of Florida. Mr. Speaker, due to official business, I was unable to be present and voting on November 21, 1985, for rollcall Nos. 417, 419, and 420. Had I been present, I would have voted "aye" on roll No. 417, motion to approve the Journal; "aye" on roll No. 419, Jeffords amendment to H.R. 1616, plant closing notification and consultation; and, "aye" on roll No. 420, Roemer amendment to H.R. 1616, plant closing notification and consultation.

TRIBUTE TO CONGRESSMAN GEORGE H. MAHON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. BROOKS] is recognized for 60 minutes.

Mr. BROOKS. Mr. Speaker, today we honor our beloved former colleague, George H. Mahon who had an outstanding career of public service in the U.S. House of Representatives spanning over 44 years. I inserted a statement in the CONGRESSIONAL RECORD on November 20 in recognition of his service and our friendship. The House of Representatives sent a delegation to the funeral on November 22. We attended gracious services in Lubbock which were highlighted by an outstanding extemporaneous eulogy by Majority Leader JIM WRIGHT. I have requested this special order today so that my colleagues might have an opportunity to pay tribute to this distinguished former Member. I will be pleased to yield to my colleagues who would like to make a statement.

Mr. Speaker, I yield such time as he may consume to our distinguished majority leader, JIM WRIGHT.

Mr. WRIGHT. Mr. Speaker, along with many of us, I attended the funeral of our late beloved colleague, George Mahon. The enormous outpouring of people who overflowed that First United Methodist Church in Lubbock was silent testimony to the affection with which he was held in the hearts of all those people of west Texas whom he served so faithfully and so well for 44 long years.

Mr. BROOKS. Mr. Speaker, I yield to the gentleman from Texas [Mr. DE LA GARZA].

Mr. DE LA GARZA. I thank my colleague for yielding.

Mr. Speaker, I would only state at this time that our distinguished colleague George Mahon, when I first came to the Congress was the year or shortly before that that he became chairman of the Committee on Appropriations.

He certainly was a legend in his own time in Texas, and his contribution to the defense of this Nation, to the agricultural sector, to the human aspect of the service that we render here to make this the greatest country in the world; his contribution perhaps cannot be measured.

I would hope that in years to come that Americans will come to know of those great statesmen, those great heroes of our time; which one of the leading ones would be George Mahon.

Mr. BROOKS. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas [Mr. COMBEST].

Mr. COMBEST. Mr. Speaker, I appreciate the gentleman's taking this special order. I did not have the opportunity, as so many Members of this body did, to serve in the body with George Mahon, but I do have the distinction and honor to be able to serve the district George Mahon did serve for 44 years.

One quick quote that I think George Mahon made exemplified him. Right after this election, George Mahon said, "In 1934, when I was first elected, I thought I would like to serve at least two terms so as to not be considered a political accident."

The things that George Mahon touched reached from coast to coast and border to border. I think that the list would go on and on in the district that I serve. It is a great honor for me, as a freshman Member, trying to explain to people of the district of Texas that I represent, simply to say that it is the district that for 44 years was served by George Mahon, and it is an honor. I commend the gentleman from Texas [Mr. Brooks] for taking this special order.

Mr. BROOKS. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas [Mr. ANDREWS].

Mr. ANDREWS. Mr. Speaker, I would like to add my voice to those of others in the Chamber who have spoken today in praise of former Congressman George Mahon of Texas. Although he served in the House of Representatives before I joined this body, I feet a personal sense of loss at the death of such a fine legislator and public servant.

Even before his election to the U.S. House, Mr. Mahon proved himself a disciplined, devoted public citizen. After graduating from Hardin-Simmons University in Abilene and the University of Texas Law School in Austin, George Mahon served as county attorney of Mitchell County and then as district attorney of the 32d Judicial District of Texas from 1927 to 1933.

In 1934, during the Great Depression that had such a devastating effect on the Nation and on the State of Texas, Mr. Mahon's friends and neighbors chose him to be their Representative in the U.S. House. For 44 years, George Mahon served them well. Known as a conservative Democrat with a passion for a pay-as-you-go approach to government, he earned the respect of his colleagues on both sides of the aisle. For the last 14 years of his service in this body, he chaired the House Appropriations Committee with uncommon devotion and fairness. As chairman, he cemented his reputation as a national Representative by consistently refusing to equate parochial interests and political opportunity with our Nation's best interests.

One of seven children of a Presbyterian Scotsman, George Mahon's conservatism extended to his own budget as well as the national budget. The stories of his frugality are legion and his office, despite his stature in Congress, remained small and spartan.

Throughout his tenure in the House, George Mahon wrestled with the same problems we face today: the difficult task of balancing the real needs of the Nation with the equally crucial obligation to hold down spending.

He was for a strong defense, yet he warned of the danger to our country from excessive defense spending just as earnestly as he sought to hold expenditure to income in every other area.

We, in the House, and the citizens of the State of Texas, have lost a great statesman with the passing of George Mahon. He leaves a fine example for all in public service. I am proud to be a member of the Texas delegation he served so faithfully for 44 years.

Mr. BROOKS. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas [Mr. COLEMAN].

Mr. COLEMAN of Texas. Mr. Speaker, we were all saddened at the news of the recent death of George Mahon, the west Texan who served for many years as the chairman of the House Appropriations Committee. The newer members of that committee, myself included, have always looked at the record established by him as a sterling example of recognizing the responsible and proper role of the Congress in setting spending policy for the Federal Government.

In a time when many Members of this House are looking for a quick fix to the budget crisis by promoting automatic mechanisms, I am reminded of the story about a previous budget fight between President Lyndon Johnson and Mr. Mahon. While clearly relishing his role as a player in the appropriations process, Mr. Mahon said nevertheless that "The President has his responsibilities, and I have mine. I don't want to delegate to the President my responsibility as chairman of the Appropriations Committee, and I'm sure he wouldn't want me to." He understood that both institutions have strong, legitimate roles to play in the formulation of public policy and Federal spending, and I am sure that he would not favor an abdication of either side's responsibilities.

From my personal perspective, George Mahon's contributions to the legislative process and to the role of the House Appropriations Committee will continue. He was a man of extraordinary dedication and integrity, and he was one of the few to make a lasting mark on this country. I know that I, and other members of the Texas delegation, will always look at the example he set as a means to measure our own ability to meet today's challenges.

Mr. Speaker, as one of the finest Texans ever sent to Congress, George Mahon will never be forgotten, and as an American, he will always be remembered for his contributions as a legislator, a family man, and his dedication to institutions such as the Smithsonian and other civic pursuits. He will be sorely missed, but his legacy will always be with us.

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Mr. BROOKS. Mr. Speaker, I yield to the distinguished gentleman from Mississippi, the chairman of the Committee on Appropriations [Mr. WHITTEN].

Mr. WHITTEN. Mr. Speaker, in the passing of George Mahon, I have lost a close and dear friend. He and his wife, Helen, have been very close friends of Rebecca and me for many years. George had the wonderful faculty of making friends and keeping them. He could differ without anger, he could work and make progress, and above all, be himself on all occasions.

He and Helen were very close. A social gathering was not complete unless it ended with singing, frequently ending up with a duet by George and Helen, evidently songs which they had enjoyed through the years.

We have shared many pleasures and much fun in our long and close association which I will not burden you with here. We all have lost a friend, a man, a Congressman, one whose accomplishments were great and lasting. The Nation will always benefit from his work.

That the record may be complete and available as a challenge to Members, I list the record, which, in itself, is not likely to ever be equaled and never surpassed.

George was first elected to Congress in November 1934 and became a member of the Committee on Appropriations in January 1939. It was my pleasure to begin serving with him on the committee some 4 years later in January 1943.

And in the natural way of things back then, we were both assigned to the District of Columbia Subcommittee, with George serving as my chairman. I would be fair, I guess, to say that George was both my first and last chairman.

But in addition to District of Columbia, we were both also heavily involved with military matters during the time of World War II, and since with George serving on the War Subcommittee and me serving on the Navy Subcommittee.

From those first days when I came to Congress, until George retired from Congress at the close of the 95th Congress in January 1978, we worked closely together, particularly in military public works and agriculture matters.

In 1949, George became chairman of the Defense Subcommittee which was then called the Armed Services Subcommittee, with the exception of the Republican-controled 83d Congress, he served as chairman of that subcommittee until his retirement, for a total of 28 years. This is not only a record but a record that, in my opinion, will never be surpassed.

In recognition of his service as chairman of the Defense Subcommittee and his overall service as committee chairman, our then full committee meeting room in the Capitol Building and the room in which the Defense Subcommittee met, was named after him. Today, as one passes the corridor outside of room H-140, you can see the plaque bearing George Mahon's name. This is one of 10 rooms in the Capitol including only three on the House side, which has been named after Members of Congress.

In 1964, George became chairman of the full committee, and with his retirement in 1979, he had served continuously in that position longer than any other person in the committee's history.

I would point out the record of George Mahon while he was on the committee.

APPROPRIATIONS COMMITTEE ASSIGNMENTS—GEORGE H. MAHON, TEXAS

[Elected to committee Jan. 18, 1939; elected chairman May 18, 1964 (88th, 2d)] [1]

Subcommittee assignments	Congress	
Treasury and Post Office	76th	January 18, 1939
District of Columbia	76th	
War	[2] 76th	1940
Treasury and Post Office	77th	1941
District of Columbia (chairman)	77th	
War	77th	
Treasury and Post Office	78th	1943
War	78th	
District of Columbia (chairman)	78th	
Independent Offices	79th	1945
War	79th	
Special Subcommittee on Invest. of War Foods Administration (alternate).	79th	
Government Corporations (chairman Feb. 2 to 6, 1946.	79th, 2d	
Government Corporations	80th	1947
War Department	80th, 1st	
National Military Establishment	80th, 2d	
Deficiences-Foreign Aid	80th	
Special Subcommittee as representatives on the Joint Legislative Budget Committee.	80th	
Armed Services (chairman)	81st	1949
Armed Services (chairman)	82d	1951
Air Force (chairman)	82d	
Armed Services (ranking minority member).	83d	1953
Air Force (ranking minority member).	83d	
Defense (chairman)	84th	1955
Air Force (chairman)	84th	
General Government Matters	84th	
Special Subcommittee to Consider Proposal to Amend Procedures of the committee and the House with View to Balancing the Budget (chairman).	84th	
Department of Defense (chairman)	85th	1957
Air Force (subcommittee in 1st session only) (chairman).	85th	
General Government Matters	85th	
Temporary Subcommittee on Administration Plan to Improve Congressional Control of the Budget (chairman).	85th	
Department of Defense (chairman)	86th	1959
General Government Matters (resigned Jan. 25, 1960—2d session).	86th	
Special Subcommittee for Review of Program for Development of Nuclear-Powered Aircraft (chairman) (appointed Apr. 29, 1960—2d session).	86th	
Special Subcommittee to Study the Use of Foreign Currency (appointed May 6, 1960—2d session).	86th	
Special Subcommittee to Consider Advisability of Discussing with House Leadership Matter of "Backdoor" Approach of Certain Housing Bills (chairman) (appointed May 18, 1959—1st session).	86th	
Department of Defense (except civil functions) (chairman).	87th	1961

APPROPRIATIONS COMMITTEE ASSIGNMENTS—GEORGE H. MAHON, TEXAS—Continued

[Elected to committee Jan. 18, 1939; elected chairman May 18, 1964 (88th, 2d)] [1]

Subcommittee assignments	Congress	
Department of Defense (chairman)	88th	1963
do	89th	1965
do	90th	1967
do	91st	1969
do	92d	1971
do	93d	1973
do	94th	1975
do	95th	1977

[1] As chairman of the full committee, Mr. Mahon served as ex officio member of all subcommittees.

[2] In June 1940, Mr. Mahon was appointed to the War Subcommittee by Chairman Taylor because of the subcommittee's expanded workload.

Mr. Speaker, George Mahon was a great man. He was involved at the highest levels of the Nation's lifestrings. He presided over the spending of billions and billions of dollars. He participated in the Nation's greatest events, including the development of the atomic bomb.

But for all these great accomplishments, he remained a gentleman and a friend, a man who enriched the lives of those he met.

Mr. Speaker, my wife Rebecca and I extend our sympathies to Helen Mahon, George's wife of 61 years, and to all the family of George Mahon.

Mr. BROOKS. Mr. Speaker, I yield to the gentleman from California [Mr. ANDERSON].

Mr. ANDERSON. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, it is with a heavy heart in which I rise today to join with my colleagues in paying our final respects to our departed friend and colleague from the 19th District of Texas, the Honorable George H. Mahon. At the outset, I want to congratulate Representative BROOKS for calling this special order today.

In the 10 years in which I served with George Mahon, I always considered him a very good friend and ally. As a Member of this House for over four decades, which included seven terms as chairman of the Appropriations Committee, George contributed greatly to the betterment of society and security of our Nation. Whether it was helping to bring about needed electricity to many of his impoverished constituents, or presiding over fierce debates on how best to proceed with building our national defense, Chairman Mahon was a tough, but fair, legislator. His many significant contributions in the public policy arena won him the respect of all who were familiar with his work.

Although he was one of the most powerful individuals in Washington during his tenure in the Congress, Chairman Mahon always remembered where his roots were planted. Through his leadership and guidance, Chairman Mahon formulated and improved many social programs which do so much to make America morally strong and compassionate just as it is today.

My wife, Lee, joins me in expressing our most sincere condolences to George's wife, Helen, and their daughter, Daphne. Although Chairman George Mahon has left us, his legacy will continue to live on.

Mr. BROOKS. Mr. Speaker, I yield to the distinguished gentleman from Arkansas [Mr. ALEXANDER].

Mr. ALEXANDER. I thank the gentleman from Texas for yielding.

Mr. Speaker, I have just rushed over here to pay tribute to my dear departed friend, George Mahon, who was chairman of the Committee on Appropriations during the first 6 years of my service on that committee.

Mr. Mahon was a person of unquestioned integrity and high moral character, and he, I believe, demonstrated something for us in the Congress that is a model for those who knew him. He was shaped by the land of west Texas where he was raised, and he brought the values of west Texas to Washington where he lived by those values and applied the principles to the Committee on Appropriations.

It was through his leadership that the Committee on Appropriations in the House adhered to a tradition that began back after World War II, for the Congress to spend less money than that requested by the President, that is, for Congress to underspend the President.

Now I realize that conventional wisdom does not recognize this fact, but this fact nonetheless exists. During the 40-odd years following World War II, Congress has underspent the President's request 37 out of those 40 years.

George Mahon continued that tradition because of the values which he learned in Texas and which he applied as principles in Washington.

Having been schooled by him as a member of that committee, I want to continue that tradition as well, and it is today largely because of George Mahon. He was a great gentleman, a tough-minded person, but a very kind person, a person who never raised his voice but who was respected by all of those who knew him, worked with him, as one who, when he spoke, did not need to raise his voice because of the force with which he spoke.

He was a friend of mine. He gave me good advice. I regret that I was unable to attend the services last week in west Texas, but transportation was not possible by the military.

I appreciate the gentleman from Texas taking this time to give those of us who could not attend those services to demonstrate our respect for our departed friend at that time to do so now.

Mr. Speaker, our colleague, the late George Mahon was one who exemplified

the highest of American principles, He was a man of unquestioned integrity. George Mahon did not just believe in honor, justice, and compassion. He lived his beliefs.

George Mahon did not just believe in the necessity for decisionmaking, he made decisions on some of the toughest problems ever to face our Nation. And, he made good decisions.

All of us, who had the privilege of serving with him, of knowing him, and of learning from him received benefits that can not be measured.

One of the most important lessons we may have learned from knowing George Mahon is that a timely seasoning of wit and humor can be invaluable putting our most difficult problems in proper perspective and making possible the difficult, and frequently tension filled, decisions that our Nation needs.

Mr. BOLAND. Mr. Speaker, 2 weeks ago today, George Mahon passed away. He was truly a man of many seasons. I will remember him always with fondness and deep respect.

When I first came here in 1953, George Mahon had already been chairman of the Appropriations Defense Subcommittee for 4 years. He had served on that subcommittee since 1939—4 years after he came to Congress—and was one of the last people alive, who had been involved in the original decisions to develop the atomic bomb.

From that time until the day he retired in 1979—George Mahon witnessed some of the Nation's proudest and saddest moments. And through all those years he never hesitated to put the interests of this country first—always above his own personal or parochial concerns. George Mahon was truly a statesman.

But what I remember best about George Mahon is the man himself. He walked these halls standing tall and straight as a rod. He reminded me of a courtly Southern gentleman from whose lips never was a harsh word spoken. He was a man of incredible patience—who gently tried to guide the younger Members, in their thinking and in their outlook, on the important issues of the day.

And although George Mahon served continuously as chairman of the House Appropriations Committee longer than any other individual—and although he retired as dean of this House—and although his advice was frequently sought by Presidents, Cabinet Secretaries, and agency officials—and although he routinely received visits from heads of foreign governments—his demeanor was one untouched by vanity or pride.

For me, he will always remain an example of the best of humanity—for he had class and grace and style.

This House was a lesser place when George Mahon left in 1979—and this House could do no better than having his kind among us in future years.

Mr. Speaker, I want to express my deepest sympathy to his wife, Helen, who has been by his side for more than 50 years, and to his daughter, Mrs. Duncan W. Holt, and their three grandchildren, George, Betsy Davis, and Laurel Ann Luper.

Mr. BRYANT. Mr. Speaker, integrity and adherence to old-fashioned values such as honesty and hard work seem to be overworked in some quarters of our Nation today.

Likewise, deep and abiding pride to sit in public office and serve the public does not carry the honor it once did when George H. Mahon walked tall and unblemished on the floor of this hallowed House of Representatives.

Unfortunately for me, Chairman Mahon had retired before I came to Congress, and I never had the privilege of serving with him. But we became acquainted, and he became a role model.

The human side of Chairman Mahon was seldom on public display, but it was there—warm, caring, and considerate of younger Members.

Disraeli is quoted as saying, "Youth is a blunder, manhood a struggle, and old age a regret."

This was not true for Chairman Mahon.

A young woman reporter interviewing Chairman Mahon once said, "Mr. Chairman, you have served under six Presidents * * *." He gently interrupted her and, with a twinkle in his eye and a small smile, answered "No, I served with them. I never served under them."

He served for his constituents, and for his Nation, and he never forgot his roots. One legend, which was actually true, was that for many years when he first came to Congress he would return home in the fall—Congress did not meet the full year in those days—and immediately go to the cotton fields and pick 100 pounds of cotton.

It was a reminder to him that the people who sent him to Washington had to work hard for their money. And it served always as a reminder that he must be frugal with it as keeper of the purse here in the House of Representatives.

At the funeral services in Texas last week one of the selections by the choir was the old anthem "Beautiful River." One of our former colleagues in this body, Jack Hightower, was present. "You could 'hear' Mr. Mahon singing along," Hightower reported. "Because no one loved the old songs better than Chairman Mahon."

His voice, his words and his deeds will echo in this Chamber as long as this great Capitol stands.

His record in Congress stands as a landmark which every person who ever serves here should strive to equal.

It will never be bettered.

Mr. STENHOLM. Mr. Speaker, it is with great sadness that I join my colleagues today in this remembrance of a dear friend and fellow Texan, Congressman George Mahon.

I was fortunate enough to meet Mr. Mahon on many occasions and came to know him as the West Texas Statesman we all respected. Over the years I witnessed his common-sense, fair-minded abilities in the Congress, traits that served him well in Washington and at home. The folks in west Texas were quick to recognize and admire his honesty and integrity, and subsequently reelected him to Congress an amazing 22 times.

During his 44 years of service, which began in 1934, George Mahon served with eight Presidents. His influence and knowledge were great assets as he strived for better Government. Upon his election to Congress 50 years ago, he worked vigorously for 5 years for an appointment to the Appropriations Committee. And as with many things in his life, he would reach a goal, as he later served as chairman of the Appropriations Committee for almost 15 years. He also was one of the few members involved with the Manhattan Project, so vital to our Nation's defense.

George Mahon took to heart the words, "Public Servant." Everything he did, he did for the best of the country. I'm proud to say he was a conservative Democrat. Mr. Mahon supported a strong defense and opposed Government waste and too much Government spending. His astute spending observations were good public policy then, and still are today. It would be a tribute to his foresight and philosophy if those of us here today would have the strength to strive for the same goals.

I had the honor and the privilege to have Mr. Mahon as my constituent these last few years. Upon retirement, he moved back to his beloved Mitchell County, back to Colorado City near Loraine, where he spent his childhood. In previous meetings with Mr. Mahon, before I came to Washington and after, I always left inspired and impressed by his comments, his compassion, his courage. He always allowed a man or woman their say. He would listen, think about what was said and then make his decisions. The man was fair. We would all benefit if we only had more like him. Texas, our world, and this Congress, has incurred a mighty loss.

The people in west Texas respected and loved him very much. In fact, they are in the process of erecting a bronzed bust of him in the heart of Colorado City, where ceremonies are scheduled for Jan. 9. The memorial is being made possible by donations from local citizens, who knew how special he was and now want to keep his memory alive. May we remember Mr. Mahon as the great leader he proved to be. He dedicated his talents to public service and devoted his life to America.

I extend my deepest sympathy to his very special wife, Helen, their daughter and his family.

Mr. ADDABBO. Mr. Speaker, I note with great sorrow the passing of a good friend and former colleague George H. Mahon. I had the privilege of serving many years on the Appropriations Committee during his tenure as chairman. Over the years, I sought his advice and counsel on many occasions and always came away impressed by the man's wisdom and genuine good nature.

For 44 years George Mahon served the people of west Texas with distinction and integrity. During that time, and especially after assuming the chairmanship of the Ap-

51-059 O-87-30 (Pt. 24)

propriations Committee in 1964, his talents and energy were of great benefit to the Nation.

In his capacity of chairman of the Appropriations Committee he often dealt with difficult and controversial issues. Because of his leadership and the esteem of his colleagues, he was able to handle sensitive matters fairly and defuse potential crises before they developed.

Under his leadership all points of view received proper attention and consideration. As a member of his committee, whether my views were eventually adopted or rejected, I never walked away without feeling that my opinions had been given a fair hearing and proper attention. This trait of George Mahon's role as a leader is one that I have continually tried to emulate in my work in Congress.

I wish to extend my sincere condolences to his widow, Helen, and their daughter and grandchildren. They can take comfort in the knowledge that in his 44 years in Congress, George Mahon left his mark not only on those who were fortunate enough to have known him personally, but on the Nation. He will be missed, but the Congress and the country are better for his having been here.

Mr. CHAPPELL. Mr. Speaker, it is with deep sadness that I participate in this special tribute on the passing of our dear colleague and my esteemed former chairman, George A. Mahon.

His selfless dedication as a public servant has been a model for leadership for all who follow and has helped to keep our Nation secure as a democracy. We, who worked so closely with him, will greatly miss him, but his memory and his legacy will forever enrich our lives and those of future generations.

Born the son of a poor cotton farmer in a little fourth class post office long since abandoned, Mahon rose to become one of the most powerful Members of Congress as chairman of the House Appropriations Committee. In that capacity, and earlier as chairman of the Defense Appropriations Subcommittee, the representative from the 19th Congressional District near Abilene, TX, served as a champion of defense and a leading advocate of pay-as-you-go Government spending for all Federal programs. He was a staunch proponent of military preparedness, yet adamant that every defense dollar be carefully and wisely spent.

Big government was an anathema to Mahon, who many times had to temper his less deliberative colleagues' inclination to jump on the bandwagon for new, untested programs and innovations without regard to budgetary impact.

In describing his philosophy, he once explained:

I like to think of myself as a believer in fiscal restraint, with a realistic grasp of the Nation's needs. I'm not so opposed to programs, as I am to the indifference on the part of so many people to what they want. Programs are fine as long as the country is willing to come forth with the money to pay for them.

I was privileged to serve as a member of the Appropriations Committee for the 6 years before Chairman Mahon's retirement in 1978. Always, his capacious memory, his mastery of detail, his judiciousness, his bipartisanship and southern-honed courtesy were an inspiration to myself and all others who had the fortune to work with him.

Though he was a giant in Congress, Mahon shunned the trappings of power and official Washington, choosing instead to live as simply and frugally as the policies he espoused. He was, indeed, as typically American as the people back home whom he served so well and diligently for 44 years—pious, modest, abstemious, earthy, and devoutly Christian.

On the occasion of Mahon's retirement and return to his Texas farm, political chronicler George Will observed:

* * * he can take leave of government serene in the knowledge that the government is better than it would have been if he had not come to it and that he is as good a person as when he came.

Amen. I do not know of a finer tribute that could be paid to a public servant.

I extend my deepest sympathies to his wife, Helen; his daughter, Daphne; and to his three grandchildren.

Mr. FASCELL. Mr. Speaker, one of the most outstanding individuals to have served in this body left us just prior to the Thanksgiving recess. George H. Mahon of Texas, who presided over the House Appropriations Committee as chairman for 14 years, died on November 19 at a hospital in San Angelo, TX, after an apparent heart attack. He was 85.

George Mahon was the quintessential self-made man—the son of a poor Texas cotton farmer, who represented the 19th Congressional District near Abilene for 44 years, before retiring in 1978.

In 1943, George Mahon was elected the first representative from that newly created district. When he arrived in Washington, another Texan who came from a similar background, Lyndon Johnson, was still a congressional staffer. While Johnson eventually rose higher in the political hierarchy, Mr. Mahon, in the words of the Washington Post "was building a reputation for steadfastness unmarked by great personal ambition."

Above all, Mr. Speaker, George Mahon was a product of the House of Representatives, and he was a major power here for over a decade and a half. The House was his main concern, and he did not view it as a major steppingstone to some higher political office. As a result, he had a major influence on such issues as the B-1 bomber and the role of our intelligence agencies. He was the rough-hewn Texas traditionalist who placed the interests of his country above all other interests. And in so doing, he won friendship, the admiration, and especially the respect of his colleagues.

Mr. Speaker, to George Mahon's beloved widow, Helen, to his daughter Daphne Mahon Holt, and his three grandchildren I extend my deepest sympathy—together with my great admiration for this outstanding Texan's service to this body and the Nation.

Mr. HUGHES. Mr. Speaker, it is with a deep sense of sadness and loss that I join my colleagues in paying a final tribute to our respected colleague, George H. Mahon.

I feel fortunate to have had the opportunity to serve with George. Working with him was a true learning experience in efficient and effective lawmaking. George had an exceptional talent for getting things done. He had a deep dedication to the preservation of our Nation's national security and the the same time, to the prudent and most effective use of our defense funds. As chairman of the powerful Appropriations Committee for 14 years. George kept a watchful eye out for excessive and irresponsible spending bills—determined not to let one pass out of committee.

As one of the most staunch supporters of pay-as-you-go budgeting, George was effective in controlling the cost of the Federal Government. With our current budget deficits running at over $200 billion, Congress would do well to replicate the sapient legislative style of this formidable and able legislator.

George Mahon's friendly and courteous demeanor earned him not only the respect of his colleagues, but the trust as well. No matter how busy Chairman Mahon was, he always made time to answer even the most rudimentary questions posed to him by new Members. I will never forget the many sage words of advice George gave me during my first years in office.

I know that I am not alone when I say that George will be greatly missed. I am proud to have had the opportunity to have served with him, and wish to extend my sincere condolences to his family.

Mr. GILMAN. Mr. Speaker, I am pleased to join with my colleagues in paying homage to a true gentleman and a distinguished Member of Congress, the late George H. Mahon of Texas.

I had the honor of serving as George Mahon's colleague during the final 3 of his 23 terms in Congress. By that time, he had already become a living legend in the Halls of the Capitol, well known for his quiet integrity and his dedication to public service.

Congressman Mahon was well qualified to serve in Congress when he was first elected to this august body in 1934. He had already served as a county attorney and as a district attorney.

In the House, George Mahon earned the respect of his colleagues on both sides of the aisle prior to his becoming chairman of the House Appropriations Committee in 1964. In that capacity, his respect grew to even greater heights, as we all came to know his fairness and his compassion.

With the passing of George Mahon last month, one of the towering figures of 20th century legislative history has been lost. The passing of George Mahon was not a loss just to his family, friends and loved ones, or to his neighbors in western Texas, it was a loss to all students of compassionate and caring Government.

One of the lessons to be learned from George Mahon's life was his consistent cry for responsible defense spending. Although none of us can question his strong and firm commitment to a strong national defense, we are aware that George Mahon was also the first to criticize Government waste and inefficiency wherever and whenever he found it. In fact, Congressman Mahon, along with the late President Eisenhower, did more to personify efficient defense spending than any other political leader in the past half century.

Although we mourn the death of George Mahon at the age of 85, we can all learn much by studying the life and the career of this outstanding gentleman from western Texas.

Mr. ANNUNZIO. Mr. Speaker, I rise in tribute to the Honorable George Herman Mahon, former Member of Congress from the State of Texas, and distinguished chairman of the House Appropriations Committee, who died on November 19, at the age of 85, after a long and distinguished career in public service. His respect and understanding of the House of Representatives as an institution and his commitment to the needs of his constituents are reflected in his many accomplishments during the 44 years he served as a Member of the House of Representatives.

George Mahon received his law degree from the University of Texas, and served as district attorney for several years before coming to Congress. Elected in 1934 to the 74th Congress to represent the 19th Congressional District of Texas, he began to compile an outstanding record of achievement as a Member of the House of Representatives.

In 1964, Congressman Mahon became chairman of the House Appropriations Committee, a position he was to hold for 14 years, until his retirement at the conclusion of the 95th Congress. As chairman, he was well known for his tireless battle to control runaway Federal spending, as well as his efforts to cut needless and wasteful military expenditures by our Government.

George Mahon was a man devoted to the people of his district, to his State, and to his country. He was a Congressman of great ability, deep compassion, and courage, and these qualities not only earned him the respect of his colleagues, but also endeared him to his constituents in the 19th Congressional District of Texas whom he served with dedication and devotion to the highest principles.

Mr. Speaker, Mrs. Annunzio and I extend our deepest sympathy to the members of his family who survive him.

Mr. HORTON. Mr. Speaker, I would like to commend the gentleman from Texas, my close friend JACK BROOKS for requesting this special order to honor our former colleague George H. Mahon.

Many good men and women come to serve in the House of Representatives. A select few of them make a mark on history. George Mahon was one such individual. When I was elected to Congress in 1962 George had nearly three decades of service in Congress behind him. My respect and admiration for this extraordinary man continued to grow as I observed his dedication, knowledge, integrity, and leadership.

George served in this body for 44 years and ably chaired the Appropriations Committee for 14 years. He served longer as chairman of the Appropriations Committee than any man in history.

George was an outstanding gentleman; no one was more admired and respected. He was a statesman and a patriot of the highest caliber. Now, with the news of his death, comes the realization that we do not have his great force of personality and eloquence to look forward to anymore.

To his family, Nancy and I wish to express our deep sympathy and sorrow. We extend our love and heartfelt sympathy to George's lovely wife Helen and to his daughter. I am proud to participate in this tribute to a great American and conclude by saying we will all miss him very much.

Mr. COUGHLIN. Mr. Speaker, I rise to associate myself with the remarks of those who have spoken in tribute to one of the most esteemed Members in the history of this House, the late George H. Mahon. During 44 years of unparalleled service, the chairman of the Defense Appropriations Subcommittee, the chairman of the full Appropriations Committee, and the dean of the House, was the soul of tact, justice, and firmness, and a gentleman of courtesy and integrity. It was that nice sense of personal honor which credibly reflected, not only on Chairman Mahon, but on the House of Representatives as an institution.

A master of the Federal budget and its complexities, it is virtually impossible to measure the caliber and amount of Chairman Mahon's contributions. Although he is perhaps best identified as the champion of an adequate defense of this Nation, his knowledge of and participation in other areas was equally great. It was a pleasure to serve with him on the Appropriations Committee, especially since he was so fair and evenhanded to the minority.

In addition to being a model legislator, Chairman Mahon had many wonderful personal qualities as well. He loved to sing and could often be found in a group gathered around the piano. In addition to his interest in literature and art, he was an avid bridge player and a golfer. In short, a well-rounded gentleman who's labor in Congress was work well done. We are all the richer for it.

Susan and I extend our sympathy to Chairman Mahon's wife, Helen, and to his daughter. The House of Representatives, and, indeed, the United States, has lost a dear friend and an outstanding leader. He shall be missed.

Mr. BROOKS. Mr. Speaker, I yield back the balance of my time.

GENERAL LEAVE

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

CREATION OF THE INSTITUTE FOR ILLINOIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. BRUCE] is recognized for 60 minutes.

GENERAL LEAVE

Mr. BRUCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BRUCE. Mr. Speaker, I rise today to share with my House colleagues a unique initiative that the Members of the Illinois delegation have developed to help form public policies conducive to economic growth in Illinois. The Members recently created a special, nonprofit organization, the Institute for Illinois, to help seek long-term solutions to the economic problems currently plaguing the State. From the information available to me, this is the first time an organization like the Institute for Illinois has ever been created by a State's congressional delegation.

As you are well aware, Illinois always has held a commanding position in this country's economic and political circles. Our outstanding universities and institutions for higher learning have received public acclaim for their research and practical training. The State's geographic location has always made it a hub for commerce, and its rich soil has made it a "breadbasket" for the world.

Unfortunately, many areas and industries in Illinois are now going through a difficult economic transition from the smokestack to the high technology era, with an accompanying deep recession and incalculable human hardships. Many of Illinois' 102 counties have unemployment rates higher that 10 percent, and still more have rates above the national average. In my own 19th District, the rates are even more staggering. The unemployment rate in White County is 20.8 percent; in Lawrence County, the unemployment rate is 20.5 percent; in Edgar and Hamilton Counties, the rates are over 16 percent. In all, 15 of the 18 counties I represent still have depression level, double-digit unemployment. Furthermore, Illinois citizens consistently have paid more in Federal taxes than the State has received back from the Federal Government. Census Bureau data reveals that the State receives approximately 75 cents for every tax dollar it sends to Washington, ranking it near the very bottom in this category. This profile appears

even worse when one considers funding that adds to long-term economic growth potential such as research grants, procurement contracts, and infrastructure spending.

The Members of the Illinois delegation felt that more could be done. The State needed greater representation on Federal decisionmaking councils, a longer range economic development focus particularly to expand its technological base, and a more cooperative, less partisan, spirit to weave a stronger fabric for solutions. In this context, the Institute for Illinois was established.

The institute's mission is to advance Illinois' interests within the Congress and the Federal Government regarding economic development. It seeks to look toward the future, yet be "results oriented." The institute is mandated to foster a strategic vision for Illinois' best interests by working closely with persons from all sectors of the State's economy as well as to identify opportunities for Federal support. While the institute will not attempt to influence the decisions of the individual members, it is expected to provide high quality information needed to make informed policy choices for Illinois.

Financial support for the institute will not come from tax dollars but from foundation, corporate, and private giving within Illinois. The initial response has been most encouraging, with the institute receiving contributions comprising more than two-thirds of its first operating budget. Contributors include: The MacArthur Foundation, the Sundstrand Corporation Foundation, the Amoco Foundation, the Archer-Daniels-Midland Foundation, Midcon, and the Kemper Group.

Additionally, for technical work on major projects, the institute will borrow staff from Illinois firms, universities, and research groups. I am delighted that the University of Illinois, whose main campus is in my district, already has made a commitment for such assistance to the institute.

In determining its initial agenda, the institute has selected three projects encompassing quite different geographic parts of Illinois and its economy. Possibly, of even greater significance, these projects are located in three different congressional districts.

As one of the institute's original incorporators and serving on its board of directors, I have been impressed by the cooperative spirit and harmonious working relationship that has grown between Republicans and Democrats, between conservatives and liberals, and between senior and junior Members with regard to this project. Representatives from Illinois State and local government, adademia, and the business community have added considerable support and enthusiasm for the institute.

To advance Illinois' long-term economic goals within the Federal system will require cooperation, hard work, intelligence, and perseverance. New ideas and novel approaches will be necessary. The Institute for Illinois offers such a possibility to help foster a healthier and more stable economy for the State's citizens.

Mr. Speaker, I yield to the gentleman from Illinois [Mr. GROTBERG].

Mr. GROTBERG. Mr. Speaker, the Institute for Illinois is an innovation that sets Illinois apart as a leader in cooperation between the two sides of the aisle, united in a common commitment to place Illinois on the cutting edge of technology with an eye toward building Illinois economically and ensuring that our great State gets its fair share of Federal dollars. Already, we have made great strides toward making this idea a reality. Contributions to this private foundation have been coming in. This is money very well spent, because by pooling the resources of the entire delegation under the umbrella of the Institute for Illinois, we can achieve jointly what might not be possible unilaterally or in small, partisan groups. If Illinois is to prosper, it will take the work of many minds and the support of many individuals, companies and foundations. The Institute for Illinois draws all of these interests together for the betterment of our State.

At this time, I can see no better project for the institute than working to ensure that the superconducting supercollider remains a high priority for the Department of Energy and the administration. For many years, the United States has dominated the field of high energy and subatomic research. But our preeminence in the field is now threatened by advances made by the European scientific community, particularly at the Cern accelerator in Geneva, Switzerland. Now, the Federal Government and American scientists have proposed the construction of the world's largest particle accelerator, the SSC. Many States have expressed interest in being chosen for the site of the SSC. I, of course, would like to see Fermilab in Illinois chosen as the location for what will be the largest scientific project in history and I fully expect the Institute for Illinois to support the Fermilab site 100 percent. But before we can even discuss the site, we must convince the Department of Energy and the administration to support and approve SSC construction. Presently, scientists at Fermilab and in Europe are closing in on a fundamental understanding of the origins of the universe. As Dr. Leon Lederman, the director of Fermilab said, "The supercollider will be the most sensitive probe ever to test our basic understanding of the very nature of space and time." Further, he said, "In weighing the cost of the supercollider, our decisionmakers must not lose touch with history. If at any stage, for whatever reason, we had abandoned the road to research in particle physics, progress in other sciences and science-based technologies would have been immeasurably more difficult. This applies to semiconductors and transistors, quantum optics and lasers, supercomputers, biotechnology, space science and so on."

One thing I have learned in my years is that science crosses national borders. The SSC will become an international mecca of science, drawing the great minds of the world to one place to study and work in peace. The United States, as a leader in the scientific world, must move forward and have the courage to remain on the leading edge of scientific research, announcing to the world that we will not stand back and allow knowledge to pass us by. We must send a message to our children that they need not fear a career in physical science because the tools of their research will be there. Again I quote Dr. Lederman. "Opportunities for significant progress must fit comfortably within a scientific lifetime. In the case of high-energy physics, a much longer delay in the supercollider will surely compromise this requirement, as high-energy physicists drown in speculative literature with only distant vistas to confronting this speculation."

The Institute for Illinois is unique, and it is in the unique position to draw together the diverse interests of the Illinois delegation and form one voice, whether for the betterment of Illinois or the United States. The superconducting supercollider is the perfect example of a project that can be propelled forward by the efforts of the Institute for Illinois. There are countless others that undoubtedly will lead the Institute for Illinois to great victories on behalf of the people of the State of Illinois.

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In closing, I would like to thank, first of all, my fellow Members of the Illinois delegation. There are 22 great souls who work hard for our State and for our Nation and, hopefully, for their local districts. But on this matter we stand united, and we are proceeding in a unified manner to bring to the Nation of the United States a proposal for future scientific development for the siting, which is way downstream, comes long after the scientific community agrees that there will be such an SSC, and certainly the Institute for Illinois, who will be working at rejuvenating steel mills, working in the district of the Congressman who spoke before me, to do research and coal and all the marvelous things to bring Illinois back to that great seat of employ-

ment and seat of prosperity that it was just a short few years ago.

Mr. BRUCE. I thank the gentleman for his comments. I think his statements concerning the superconducting supercollider are certainly timely, and that the project is one of the first things the Institute for Illinois will be taking on. I think we should thank the Members of the Illinois delegation, both Democrat and Republican, who have pulled together to establish a new way for Illinois to put its best foot forward and try to move into the future. New jobs are going to be created, and this institute can be used as the springboard to make sure that Illinois gains many of those new jobs.

Mr. GROTBERG. If the gentleman will yield for a short colloquy on this matter, it comes to my mind that we have a highlight tomorrow. Like every delegation here, once in a while our Governor comes to town. But that reminds me that there are many behind us in Illinois besides the list that the gentleman read off of the members of the institute and the donors, but the State of Illinois, through its department of commerce and community affairs, through its energy department, is a mini-United States and very well organized and is throwing its full shoulder behind the developments that need Federal assistance. We in turn are a Washington delegation trying to do what we can to make sure that happens. But you and I have both served in that wonderful place in Illinois where things happen at the State level, and now they are looking to us. Does the gentleman have any reflections on the ability of the State of Illinois to follow through on any of the projects that he has mentioned or the support thereof?

Mr. BRUCE. I think we are all looking forward to the visit of our Governor tomorrow. He is going to outline for us how the institute might cooperate, particularly in the landing of the SSC in the State of Illinois, and also give us a general idea on how research laboratories located throughout the State can be incorporated more into our thinking, as well as the great university system that has been developed in the State of Illinois, with the University of Illinois in my own district, in Chicago and the other fine institutions located in some 59 community colleges. They all should be placed into the harness with the Institute for Illinois, along with the department of commerce and community affairs, local bank, and other entities in Illinois to bring some sort of economic resurgence. Again, it is unique, that our congressional delegation has seen the need to have some sort of continuing entity that says, "What other projects are floating around?" And the gentleman has certainly brought before our delegation time and time again the question of Fermilab and Argonne Laboratory and the need for assistance.

Mr. GROTBERG. If the gentleman will yield, the gentleman has also brought to our delegation—and we all share in that—the problems of southern Illinois and the forever problem of clean coal and what it would mean to find a way to be able to use Illinois coal more profitably throughout these United States and ship it out instead of importing coal into Illinois, low sulfur. Again, the heartbreak of the industrial heart of Illinois is the heartbreak of the south side and the former smokestack areas of Chicago and parts all over the gentleman's district and my district. What greater cause is there than to try to do something without just sending money but to build and bootstrap our way back?

Mr. BRUCE. Having both served in the Illinois State Senate, I think it is unique in our delegation to see the type of cooperation, not only within the House membership but with our two U.S. Senators, and the existence of our regular delegation meetings. The gentleman mentioned southern Illinois and the fact that I brought up the subject of the supercomputer and the funding needed for the University of Illinois. The Members of the other side, particularly the minority leader, have been of absolutely great assistance to each of us, both freshmen, in trying to make sure that our projects moved.

Last week one of the members of our delegation, Mr. O'BRIEN, was instrumental in the Appropriations Committee in making sure that Illinois' education system received funding for the National Reading Center. This is just a continuing list of instance when we received assistance. The minority leader, furthermore, has been helpful in regard to agricultural research in the Peoria area. He comes to the delegation and indicates where we ought to be moving our minds so that we can attract new industry in the State of Illinois. We did not have that kind of cooperation, I believe, in the State senate, where we would sit down, Democrat and Republican, liberal and conservative, new members, old members——

Mr. GROTBERG. The gentleman and I did, but not everyone did.

If the gentleman will yield further, the gentleman touches upon the educational gold mine that is the university system of Illinois, public and private. The untapped resources to apply to almost every work that needs to be done to advance mankind is within our State, and we are not the only State that has a lot of this capability. I am pleased to be able to share that information with the other 49. There is a tremendous battle on for educational grants, for scientific grants among the university system. It is my understanding from the distinguished chancellor and president of the University of Illinois, if the name is one and the same, of the breakthrough with the huge supercomputer that went to the University of Illinois at Champaign, the Northern Illinois University opening an engineering school, and they want very much to be on the policy committee of the SSC, or whatever projects are good for Illinois. SIU, which is probably one of the older favorite haunts, is in the forefront of many things, along with the private school system, one of which I graduated from and one which has such sad problems at the human services level, George Williams College. The board met today. I do not know the results, but they may not be able to open this coming year. So those of you who have had a university career at one of the public-financed universities, at least you are still in business. Those of us who are alumni of an alma mater which is in dire trouble have yet another problem. I find that I cannot get any Federal help for that. So there are things to advance science, but there are very few resources at the Federal level to keep a college going whose alumni are all essentially human service people, and very few, if any, great donors of significant stature.

Mr. BRUCE. I thank the gentleman for his comments, and I thank the Speaker and the Members for allowing us to discuss the Institute for Illinois and sharing our thoughts about it. I believe it is unique. I believe that other States ought to take a look at it, and we would certainly think that Illinois would be, I hope, breaking new ground and bringing new research dollars into our State.

Mr. RUSSO. Mr. Speaker, let me begin by thanking Representative TERRY BRUCE for organizing this special order today. This is a good opportunity to focus on a change in attitude which is currently going on among Midwestern Members. It took our region a long time to recover from the last recession. However, we have finally rebounded and the business climate is improving daily. This is due to Government officials joining with education and business leaders to develop innovative techniques to encourage economic development in Illinois. The institute for Illinois is our newest and most exciting endeavor. The institute will be a research arm for the State. It will provide a variety of functions all aimed at improving the economic climate of Illinois. First of all, the institute will attempt to increase the level of Federal funding sent back to our area. Currently, we are only receiving a 75-cent return for each tax dollar sent to Washington. Tapping into new sources of funding will provide new jobs and economic opportunities. Second, the institute will be able to track new economic and development trends in an attempt to determine what future demands will be. It is essential that the business community be aware of these needs so that they can correctly

target their service. Currently, the Midwest is going through a period of transition from an economy based on industry to one more oriented toward services. It is vital that we keep aware of these fluctuations so that we can respond accordingly. Last, the institute will be able to analyze long-term issues that might affect economic development in Illinois. By targeting these issues early, we may be able to shape them before they are affected by political overtones. Recently, John Naisbitt, the author of "Megatrends," stated that the Great Lakes region will experience an economic renaissance that will startle traditional economists. This is because the Government, business, and education sectors are working together to make the most of the resources we have available. Illinois has an experienced and educated labor supply; some of the best universities in the country are located in our State; and in addition to our traditional industrial base, we have a growing service sector. Together, these factors provide a diversity of services which will attract new businesses to Illinois and maintain old ones. Beyond these realities, our leaders are trying to look into the future in order to determine what steps should be taken today to reach our goals of a strong economic base and financial security for all our citizens. The institute for Illinois is another step on the path to success. By constantly reaching for new ideas and for new opportunities, Illinois will continue to grow strong economically and achieve our potential as a State.

THE COMPETITIVE EXCHANGE RATE ACT OF 1985

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. LAFALCE] is recognized for 10 minutes.

Mr. LaFALCE Mr. Speaker, the bill that I am introducing today is designed to address one of the primary factors behind our disastrous trade deficit—the overvalued and uncompetitive dollar. It is a problem this administration has only recently acknowledged. For years the administration has praised the high dollar as emblematic of our economic leadership. But the inflated dollar has imposed undue competitive pressure and great distress across a broad spectrum of American industry and agriculture. Continuing inequity in currency values will only exacerbate these problems.

I am concerned that we not adopt illusory quick fix solutions to this very complex problem. A real solution must involve many elements. We must seek greater coordination of macroeconomic policy at the international level and work with our trading partners to reform the exchange rate system to correct exchange rate misalignments. We must use intervention in currency markets more effectively to move the dollar to a more competitive level. As we have observed since the G-5 meeting in September, decisive, direct interventions can be a useful part of a broader strategy designed to correct currency misalignments. We also need a serious commitment to deal with our enormous Federal deficit and correct the imbalance in our own fiscal and monetary policy.

But perhaps the key element of any proposal on exchange rate reform must be increasing the accountability of the President for the impact of exchange rates on trade competitiveness and the policy initiatives necessary to correct the exchange rate problems we face. The Secretary of the Treasury is the administration's top policymaker for domestic and international economic issues. He also makes the decisions on U.S. intervention in exchange markets. At least until the United States stops running up large foreign debts, the Treasury Secretary should appear before Congress to present his strategy for bringing the dollar to a level that assures trade competitiveness for American industry and agriculture. He should have to set goals for the dollar's value to make U.S. producers competitive and propose measures to bring the dollar to those levels—or justify why they cannot be achieved. Such proposals should include changes in domestic policy—including Government revenues, spending, savings and investment, and monetary policy—designed to reduce our current dependence on foreign borrowing. The Secretary should also be required to report on his efforts internationally to obtain cooperation in bringing the dollar to a competitive level and reforming the international exchange rate system.

The administration wants to begin new international negotiations on trade as soon as possible—in the GATT or elsewhere if necessary. Since the exchange rate presents our largest single trade problem today, we must recognize that international negotiations to resolve our trade problems have to address the exchange rate issue as well. There are no simple solutions, but the GATT issues have no simple solutions either.

I believe the proposal I am advancing would restore an exchange rate of the dollar that assures trade competitiveness for American industry and would help achieve more stable trade and current account balances. Specifically, it would: First, increase the accountability of the President for the impact of exchange rates on trade competitiveness by stringent reporting requirements; second, establish a U.S. Advisory Commission on Exchange Rate Reform that would recommend to the President and Congress reforms in domestic and international economic policy designed to correct exchange rate misalignments, stabilize the dollar at a competitive level, and prepare for international negotiations to reform the exchange rate system; third, direct the President to enter into international negotiations with other countries to reform the exchange rate system; and fourth, urge strategic and internationally coordinated government intervention in currency markets when appropriate to adjust the value of the dollar to competitive levels and create an institutional mechanism for use as part of such a strategy.

I welcome the support of my colleagues.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MCKINNEY (at the request of Mr. MICHEL), for today, on account of illness.

Mrs. ROUKEMA (at the request of Mr. MICHEL), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BILIRAKIS) to revise and extend their remarks and include extraneous material:)

Mr. GINGRICH, for 60 minutes, December 3.

Mr. GINGRICH, for 60 minutes, December 4.

Mr. GINGRICH, for 60 minutes, December 5.

Mr. IRELAND, for 5 minutes, December 4.

Mr. BURTON of Indiana, for 30 minutes, today.

(The following Members (at the request of Mr. PENNY) to revise and extend their remarks and include extraneous material:)

Mr. PEASE, for 5 minutes, today.

Mr. PENNY, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. NELSON of Florida, for 5 minutes, today.

Mr. LAFALCE, for 10 minutes, today.

Mr. FLIPPO, for 30 minutes, December 5.

Mr. RANGEL, for 60 minutes, December 12.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. HAWKINS of California, and to include extraneous matter notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,287.50.

Mr. RAHALL, in support of H.R. 1562, following the gentleman from Arizona [Mr. UDALL] in the House, today.

Mrs. SCHNEIDER, during general debate on H.R. 3700, in the Committee of the Whole, today.

Mr. EDWARDS of California, on the amendment to H.R. 3700 offered by the gentlewoman from California [Mrs. BURTON], in the Committee of the Whole, today.

Mrs. BOXER on the amendment to H.R. 3700 offered by Mrs. BURTON of California, in the Committee of the Whole, today.

Mr. REGULA, in support of the Tauke amendment to H.R. 3700, in the Committee of the Whole, today.

Mr. BIAGGI, on the amendment to H.R. 3700, offered by Mrs. BURTON of California, in the Committee of the Whole, today.

(The following Members (at the request of Mr. BILIRAKIS) and to include extraneous matter:)

Mr. VANDER JAGT in two instances.
Mr. SWINDALL.
Mr. MCKERNAN.
Mr. YOUNG of Alaska.
Mr. SHUMWAY.
Mr. LAGOMARSINO in two instances.
Mr. GILMAN in two instances.
Mr. SAXTON.
Mr. MCMILLAN.
Mr. LEWIS of California.
Mr. ROWLAND of Connecticut.
Mr. O'BRIEN.
Mr. WEBER.
Mr. BEREUTER.
Mr. COURTER.
Mr. MCEWEN.
Mr. DORNAN of California.
Ms. SNOWE.
Mr. HANSEN.

(The following Members (at the request of Mr. PENNY) and to include extraneous matter:)

Mr. RICHARDSON.
Mrs. BURTON of California.
Mr. CLAY in three instances.
Mr. WIRTH.
Mr. SYNAR.
Mr. EDWARDS of California.
Mr. FASCELL.
Mr. SCHEUER.
Mr. SMITH of Florida.
Mr. DOWNEY of New York.
Mr. LEHMAN of Florida.
Mr. KANJORSKI in three instances.
Mr. ACKERMAN.
Mr. DIXON.
Mr. ASPIN.
Mr. BRUCE.
Mr. STARK.
Mr. MATSUI.
Mr. NICHOLS.
Mr. GARCIA.
Mr. FLORIO.
Mr. DYSON in two instances.
Mr. DYMALLY.
Mr. HERTEL of Michigan.
Mr. COLEMAN of Texas.
Mr. GUARINI.
Mr. VENTO.
Mr. HUBBARD.
Mr. ERDREICH.

BILLS AND A JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee did on the following day present to the President, for his approval, bills and a joint resolution of the House of the following title:

On November 27, 1985:

H.R. 1714. An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, space flight, control and data communications, construction of facilities, and research and program management, and for other purposes.

On December 3, 1985:

H.R. 1806. An act to recognize the organization known as the Daughters of Union Veterans of the Civil War 1861-1865;

H.R. 3327. An act making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1986, and for other purposes;

H.R. 3235. An act to authorize the Administrator of the National Aeronautics and Space Administration to accept title to the Mississippi Technology Transfer Center to be constructed by the State of Mississippi at the National Space Technologies Laboratories in Hancock County, MS; and

H.J. Res. 459. Joint resolution reaffirming the friendship of the people of the United States with the people of Colombia following the devastating volcanic eruption of November 13, 1985.

ADJOURNMENT

Mr. BRUCE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 43 minutes p.m.), under its previous order the House adjourned until tomorrow, Wednesday, December 4, 1985, at 11 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2326. A letter from the Director, Selective Service System, transmitting the semiannual report on the operation of the system, pursuant to the act of June 24, 1948, chapter 625, section 10(g) (65 Stat. 87; 81 Stat. 105); to the Committee on Armed Services.

2327. A letter from the Auditor, District of Columbia, transmitting a report entitled "Auditor's Review of Consultant Contracts Awarded by the Office of the President From August 1983 Through April 1985," pursuant to Public Law 93-198, section 455(d); to the Committee on the District of Columbia.

2328. A letter from the Auditor, District of Columbia, transmitting a report entitled "Auditor's Review of University of the District of Columbia's Residence Accounts and Expenditures," pursuant to Public Law 93-198, section 455(d); to the Committee on the District of Columbia.

2329. A letter from the Secretary of Energy, transmitting a report on residential energy conservation financing supply, and installation activities of public utilities, pursuant to Public Law 95-619, sectioin 216(g) (94 Stat. 744); to the Committee on Energy and Commerce.

2330. A letter from the Administrator, Veterans' Administration, transmitting a report on the activities of the Inspector General for the period April 1, 1985, through September 30, 1985, pursuant to Public Law 95-452, section 5(b); to the Committee on Government Operations.

2331. A letter from the Administrator, General Services Administration, transmitting a report on the activities of the Inspector General for the 6-month period ending September 30, 1985, pursuant to Public Law 95-452, section 5(b); to the Committee on Government Operations.

2332. A letter from the Assistant Administrator for Administration and Resources Management, Environmental Protection Agency, transmitting a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2333. A letter from the Deputy Secretary of Defense, transmitting the semiannual report on audit, inspection, and investigative operations in the Department of Defense for the period ending September 30, 1985, pursuant to Public Law 95-452, section 5(b) (96 Stat. 750); to the Committee on Government Operations.

2334. A letter from the National President, Women's Army Corps Veterans' Association, transmitting the report and financial audit, pursuant to 36 U.S.C. 1103; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BEILENSON: Committee on Rules. House Resolution 327. Resolution providing for the consideration of House Joint Resolution 465, joint resolution making further continuing appropriations for the fiscal year 1986, and for other purposes (Rept. 99-407). Referred to the House Calendar.

Mr. MOAKLEY: Committee on Rules. House Resolution 328. Resolution providing for the consideration of House Joint Resolution 192, joint resolution to designate April 24, 1985, as "National Day of Remembrance of Man's Inhumanity to Man" (Rept. 99-408). Referred to the House Calendar.

Mr. HALL of Ohio: Committee on Rules. House Resolution 329. Resolution providing for the consideration of H.R. 3525, a bill to amend title 3, United States Code, to establish uniform regional poll closing times in the continental United States for Presidential general elections (Rept. 99-409). Referred to the House Calendar.

Mr. DERRICK: Committee on Rules. House Resolution 330. Resolution providing for amending the Senate amendment to, and requesting a conference on, H.R. 3128, a bill to make changes in spending and revenue provisions for purposes of deficit reduction and program improvement, consistent with the budget process (Rept. 99-410). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CONYERS (for himself, Mr. GEKAS, and Mr. BOUCHER):

H.R. 3837. A bill to extend the deadline for the submission of the initial set of sentencing guidelines by the U.S. Sentencing Commission, and for other purposes; to the Committee on the Judiciary.

By Mr. ROSTENKOWSKI (for himself, Mr. PICKLE, Mr. RANGEL, Mr. STARK, Mr. JENKINS, Mr. GEPHARDT, Mr. DOWNEY of New York, Mr.

HEFTEL of Hawaii, Mr. FOWLER, Mr. GUARINI, Mr. RUSSO, Mr. PEASE, Mr. MATSUI, Mr. ANTHONY, Mr. FLIPPO, Mr. DORGAN of North Dakota, Mrs. KENNELLY, Mr. DONNELLY, Mr. COYNE, Mr. GRADISON, and Mr. MCGRATH):

H.R. 3838. A bill to reform the internal revenue laws of the United States; to the Committee on Ways and Means.

By Mr. LAFALCE:

H.R. 3839. A bill to restore an exchange rate of the dollar that assures trade competitiveness for American industry and to achieve more stable trade and current account balances; to the Committee on Banking, Finance and Urban Affairs.

By Mrs. COLLINS:

H.R. 3840. A bill to amend the Airport and Airway Improvement Act of 1982 to require that at least 10 percent of all funds authorized for airport development be expended with minority business enterprises; to the Committee on Public Works and Transportation.

H.R. 3841. A bill to amend the Airport and Airway Improvement Act of 1982 to require that at least 10 percent of businesses that sell food, beverages, printed materials, or other consumer products to the general public at each airport receiving Federal assistance be owned and controlled by minority business enterprises; to the Committee on Public Works and Transportation.

By Mr. FOGLIETTA (for himself, Mrs. BOGGS, and Mr. CRANE):

H.R. 3842. A bill to designate September 17, 1987, the bicentennial of the signing of the Constitution of the United States, as "Constitution Day", and to make such day a legal public holiday; to the Committee on Post Office and Civil Service.

By Mr. FRANK:

H.R. 3843. A bill to amend the copyright law respecting the limitations on exclusive rights to secondary transmissions; to amend the Communications Act of 1934 respecting retransmission of programs originated by broadcast station; and for other purposes; jointly, to the Committees on the Judiciary and Energy and Commerce.

H.R. 3844. A bill to amend title XVIII of the Social Security Act to eliminate the penalty for late enrollments under the medicare program; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. GEJDENSON:

H.R. 3845. A bill to amend title 23, United States Code, to require the Secretary of Transportation to withhold the apportionment of certain Federal-aid highway funds to any State that does not establish parking privileges for handicapped persons, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. MONSON (for himself, Mr. HANSEN, and Mr. NIELSON of Utah):

H.R. 3846. A bill to direct the Administrator of General Services to release certain restrictions contained in a conveyance of land to the State of Utah; to the Committee on Government Operations.

By Mr. McEWEN:

H.R. 3847. A bill to amend the Trade Act of 1974 to eliminate barriers and distortions to trade, to provide authority for a new round of trade negotiations, to promote U.S. exports, and for other purposes; jointly, to the Committees on Ways and Means, Banking, Finance and Urban Affairs, the Judiciary, Energy and Commerce, and Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HUGHES:

H.R. 3848. A bill to remove certain impediments to the licensing of the vessel *Lobster House* for employment in the coastwise and fisheries trades; to the Committee on Merchant Marine and Fisheries.

By Mr. JONES of Oklahoma:

H.R. 3849. A bill for the relief of Fatima Minnie Bibich; to the Committee on the Judiciary.

By Mr. RANGEL:

H.R. 3850. A bill for the relief of Esplanade Gardens, Incorp., and the River Bend Houses; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 38: Mr. PACKARD.

H.R. 385: Mr. DARDEN and Mr. SWEENEY.

H.R. 555: Mr. SOLOMON, Mr. LUKEN, and Mr. SCHUETTE.

H.R. 602: Mr. PACKARD.

H.R. 679: Mr. CRAIG.

H.R. 864: Mrs. LONG and Mr. NICHOLS.

H.R. 979: Ms. KAPTUR, Mrs. MARTIN of Illinois, Mr. TOWNS, Mrs. LLOYD, and Mr. RINALDO.

H.R. 1029: Mr. HUCKABY.

H.R. 1059: Mr. STALLINGS.

H.R. 1258: Mr. DREIER of California.

H.R. 1262: Mr. BOSCO.

H.R. 1294: Mr. SCHUMER.

H.R. 1398: Mr. MOAKLEY.

H.R. 1432: Mrs. BOXER.

H.R. 1436: Mr. DASCHLE, Mr. SPRATT, Mr. OLIN, and Mr. RALPH M. HALL.

H.R. 1457: Mr. DARDEN.

H.R. 1458: Mr. BRUCE.

H.R. 1809: Mr. CONYERS.

H.R. 1918: Mr. MINETA.

H.R. 1920: Mr. BOSCO.

H.R. 1985: Mrs. LLOYD.

H.R. 2093: Mr. HORTON.

H.R. 2127: Mr. TALLON, Mr. DERRICK, and Mr. HARTNETT.

H.R. 2280: Mr. KANJORSKI and Mr. GORDON.

H.R. 2295: Mr. EVANS of Illinois, Mr. SPENCE, and Mr. WEISS.

H.R. 2451: Mr. WHITLEY, Mr. GINGRICH, Mr. EVANS of Illinois, and Mr. CHANDLER.

H.R. 2815: Mr. BLAZ.

H.R. 2840: Mr. BIAGGI.

H.R. 2887: Mr. LAFALCE, Mr. MINETA, Mr. WEISS, Mr. CONTE, Mr. LUNDINE, Mr. HAYES, Mr. IRELAND, Mr. BATEMAN, Mr. DE LA GARZA, and Mr. CLAY.

H.R. 2897: Mr. FIELDS.

H.R. 2943: Mr. DYMALLY, Mr. SWIFT, Mr. ROE, Mr. MORRISON of Washington, Mr. HAMMERSCHMIDT, Mr. HORTON, Mr. MCKINNEY, and Mrs. MARTIN of Illinois.

H.R. 3004: Mr. BROOKS.

H.R. 3006: Mr. MCCLOSKEY.

H.R. 3075: Mr. BEVILL and Mr. LAGOMARSINO.

H.R. 3081: Mr. BEVILL, Mr. LEVIN of Michigan, Mr. JONES of Tennessee, Mr. RALPH M. HALL, and Mr. BROWN of Colorado.

H.R. 3099: Mr. MINETA, Mr. SYNAR, Mr. GILMAN, and Mr. BIAGGI.

H.R. 3131: Mr. MARTINEZ, Mr. ZSCHAU, Mr. BOUCHER, Mr. GLICKMAN, and Mr. HAWKINS.

H.R. 3136: Mr. TOWNS, Mr. CHAPPELL, Mr. ENGLISH, Mr. WATKINS, Mr. KOLBE, Mr. STRANG, and Mr. PEPPER.

H.R. 3190: Mr. KOSTMAYER, Mr. LEVINE of California, Mr. BARNES, Mr. BRYANT, and Mr. TORRICELLI.

H.R. 3204: Mr. MCGRATH and Mr. DIOGUARDI.

H.R. 3259: Mr. ATKINS.

H.R. 3263: Mr. BONIOR of Michigan.

H.R. 3305: Mr. GEJDENSON, Mr. HENDON, and Mr. LANTOS.

H.R. 3349: Mr. MARTINEZ, Mr. ROE, Mr. SUNIA, Mr. SMITH of New Jersey, Mr. BARTLETT, Mr. BLILEY, Mr. KOLTER, Mr. ROWLAND of Connecticut, and Mr. GONZALEZ.

H.R. 3393: Mr. EVANS of Illinois.

H.R. 3410: Mr. VANDER JAGT, Mr. MCCAIN, Mr. RICHARDSON, Mr. WILLIAMS, and Mr. REID.

H.R. 3436: Mr. LEWIS of California, Mr. DANIEL, Mr. VANDER JAGT, Mr. ROBERTS, Mr. GALLO, Mr. BARNARD, Mr. EMERSON, Mr. OWENS, Mr. TALLON, Mr. STENHOLM, Mr. MATSUI, Mr. FOGLIETTA, Mr. CAMPBELL, Mr. VOLKMER, Mr. GINGRICH, Mr. CONYERS, Mr. HAYES, Mr. COATS, Mr. ORTIZ, Mr. WILSON, Mr. STRANG, Mr. GUNDERSON, and Mr. ADDABBO.

H.R. 3438: Mr. TRAFICANT.

H.R. 3465: Mrs. BENTLEY, Mr. MORRISON of Connecticut, Mr. FLORIO, Mr. MOAKLEY, and Mr. KOSTMAYER.

H.R. 3472: Mr. IRELAND, Mr. LIVINGSTON, Mr. ARMEY, Mr. BADHAM, Mr. GALLO, Mr. MCCOLLUM, Mr. MCCAIN, Mr. RALPH M. HALL, Mr. DARDEN, Mr. MARLENEE, Mr. SKELTON, Mr. NICHOLS, and Mr. YOUNG of Florida.

H.R. 3509: Mr. FRANKLIN, Mr. CLAY, Mr. TALLON, Mr. PENNY, and Mr. EMERSON.

H.R. 3521: Mr. MONTGOMERY, Mr. CRAIG, Mr. CLINGER, Mr. VANDER JAGT, Mrs. LLOYD, and Mr. EVANS of Illinois.

H.R. 3576: Mr. DORNAN of California, Mr. COBEY, Mr. TOWNS, and Mr. EDWARDS of Oklahoma.

H.R. 3599: Mr. COBEY and Mr. SUNIA.

H.R. 3600: Mr. FISH, Mr. PORTER, Ms. MIKULSKI, Mr. CHAPMAN, Mr. LAGOMARSINO, Mr. GALLO, Mr. SAXTON, Mr. HUTTO, Mr. DELAY, Mr. DARDEN, Mr. RAY, Mr. PACKARD, Mr. EDWARDS of Oklahoma, Mr. NEAL, Mrs. BENTLEY, Mr. DENNY SMITH, Mr. MCCAIN, Mr. COMBEST, Mr. HUNTER, and Mr. ECKERT of New York.

H.R. 3630: Mr. HAYES, Mr. RITTER, Mr. RODINO, Mr. KANJORSKI, Mr. CLINGER, Mr. GINGRICH, Mr. LEHMAN of Florida, Mrs. COLLINS, Mr. KILDEE, Mr. OBERSTAR, Mr. AUCOIN, Mr. MCHUGH, Mr. DELLUMS, Mr. ECKART of Ohio, Mr. ROSE, and Mr. CROCKETT.

H.R. 3704: Mr. DORNAN of California and Mr. DANIEL.

H.R. 3706: Mr. OWENS and Mr. TOWNS.

H.R. 3715: Mr. FRANK, Mr. LELAND, Mr. LAGOMARSINO, Ms. KAPTUR, Mrs. SCHROEDER, Mr. MITCHELL, and Mr. WEISS.

H.R. 3729: Mr. MYERS of Indiana, Mr. TORRES, Mr. GREEN, Mr. PORTER, and Mr. CROCKETT.

H.R. 3735: Mr. SEIBERLING and Mr. DARDEN.

H.R. 3775: Mr. GRAY of Illinois, Mrs. HOLT, Ms. KAPTUR, Mr. MITCHELL, Mr. LAGOMARSINO, Mr. WEISS, and Mr. SHARP.

H.R. 3777: Mr. LIPINSKI, Mr. ERDREICH, Mr. PRICE, Mr. HUGHES, Mr. MCCLOSKEY, Mr. MARTINEZ, Mr. SEIBERLING, and Mrs. MARTIN of Illinois.

H.J. Res. 7: Mr. COURTER, Mr. MARTINEZ, Mr. DENNY SMITH, Mr. LIPINSKI, Mr.

MICHEL, Mr. FISH, Mr. MCEWEN, Mr. ROEMER, Mrs. LLOYD, and Mr. COMBEST.

H.J. Res. 91: Mr. HOPKINS, Mr. RINALDO, and Mr. SWINDALL.

H.J. Res. 138: Mr. SWINDALL.

H.J. Res. 151: Mr. FRENZEL, Mr. EMERSON, and Mr. KOSTMAYER.

H.J. Res. 207: Mr. TOWNS, Mr. FOGLIETTA, Mr. O'BRIEN, Mr. TORRICELLI, Mr. DIO-GUARDI, Mr. LOWERY of California, Mr. WEISS, and Mr. ROWLAND of Georgia.

H.J. Res. 254: Mr. DOWDY of Mississippi, Mr. SCHEUER, Mr. DYSON, Mr. ACKERMAN, Mr. FISH, Mr. HYDE, Mr. WHEAT, Mr. BONIOR of Michigan, Mr. STOKES, Mr. CROCKETT, Mr. KLECZKA, Mr. MOODY, Mr. HERTEL of Michigan, Mr. JACOBS, Mr. SUNIA, Mr. DASCHLE, Mr. MCCLOSKEY, Mr. STANGELAND, Mr. BRYANT, Mr. MCKERNAN, Mr. PEPPER, Mr. GUARINI, Mr. HAMILTON, Mr. ST GERMAIN, Mr. MORRISON of Connecticut, Mr. BUSTAMANTE, Mr. NOWAK, Mr. CARNEY, Mr. CAMPBELL, Mr. FRENZEL, Mr. SKELTON, Mr. ECKERT of New York, Mr. GRADISON, Mr. MCKINNEY, Mr. HUBBARD, Mr. HORTON, Mr. BEVILL, Mr. PORTER, Mr. SHELBY, Mr. SABO, Mr. LUNDINE, Mr. LATTA, Mr. COURTER, Ms. MIKULSKI, Mr. HUNTER, Mr. MANTON, Mr. GROTBERG, Mr. LIPINSKI, Mr. DORNAN of California, Mr. BORSKI, Mr. SCHUETTE, Mr. HENRY, Mr. LUNGREN, Mr. ASPIN, Mr. SYNAR, Mr. WHITTAKER, Mr. DELLUMS, Mr. COUGHLIN, Mr. MORRISON of Washington, Mr. RUSSO, Mr. BURTON of Indiana, Mr. MCHUGH, Mr. MARTIN of New York, Mr. MOAKLEY, Mr. ANDERSON, Mr. ANTHONY, Mr. FAUNTROY, Mr. NATCHER, Mr. MCDADE, Mr. HOWARD, Mr. LEVINE of California, and Mr. MARKEY.

H.J. Res. 332: Mr. HORTON, Mr. O'BRIEN, Mr. LANTOS, Mr. DWYER of New Jersey, Mr. WORTLEY, Mr. OWENS, Mr. GINGRICH, Mr. SMITH of Florida, Mr. WEISS, Mr. YOUNG of Florida, Mr. HUGHES, Mr. WHEAT, Mr. DAUB, Mr. CROCKETT, Mr. COELHO, Mr. KEMP, Ms. OAKAR, Mr. RANGEL, Mr. HOYER, Mr. LEHMAN of Florida, Mrs. BURTON of California, Mr. FOLEY, Mr. DORNAN of California, Mr. NATCHER, Mr. MOAKLEY, Mr. BENNETT, Mr. MATSUI, Mrs. LLOYD, Mr. PERKINS, Mr. HEFNER, Mr. STOKES, Mr. WYDEN, Mr. TALLON, Mr. WALGREN, Mr. SKELTON, Mr. BIAGGI, and Mr. BERMAN.

H.J. Res. 345: Mr. TRAFICANT, Mr. YATES, Mr. STANGELAND, Mr. WEBER, Mr. MOLLOHAN, Mr. MONTGOMERY, Mr. OBERSTAR, Mr. EDWARDS of Oklahoma, Mr. MCKERNAN, Mr. SABO, Mr. HAMILTON, Mrs. MARTIN of Illinois, and Mr. RAHALL.

H.J. Res. 421: Mr. MARTIN of New York and Mr. NELSON of Florida.

H.J. Res. 440: Mr. DIXON, Mr. FRANK, Mr. JONES of North Carolina, Mr. BROOKS, Mrs. COLLINS, Mr. LEACH of Iowa, Mr. HENDON, Mr. LEVIN of Michigan, Mr. BONER of Tennessee, Mr. HARTNETT, Mr. TALLON, Mr. CAMPBELL, Mr. HOWARD, Mr. SISISKY, Mr. FORD of Michigan, Ms. MIKULSKI, Mr. BRYANT, Mrs. HOLT, Mr. ANDERSON, Mr. MOAKLEY, Mr. HOYER, Mr. SOLARZ, Mr. HANSEN, Mr. LELAND, Ms. OAKAR, Mr. DE LUGO, Mr. YOUNG of Alaska, Mr. WAXMAN, Mr. JEFFORDS, Mr. SCHUETTE, Mr. MARTIN of New York, Mr. MONSON, Mr. FISH, Mr. NIELSON of Utah, Mr. CLAY, Mrs. BENTLEY, Mr. DERRICK, Mr. BARTLETT, Mr. GONZALEZ, Mr. ROSE, and Mr. LEVINE of California.

H.J. Res. 451: Mr. FUQUA, Mr. WEISS, Mr. STRANG, Mr. HUGHES, Mr. VENTO, Mr. YATRON, Mr. LIGHTFOOT, Mr. BOEHLERT, Mr. SEIBERLING, Mr. REID, Mr. WAXMAN, Mr. SCHAEFER, Mr. WHEAT, Mr. SCHEUER, Mr. SHAW, Mr. SILJANDER, and Mr. GORDON.

H.J. Res. 462: Mr. FUSTER, Mr. MATSUI, Mr. OWENS, Mr. ROE, Mrs. BENTLEY, Mr. DYMALLY, Mr. LANTOS, Mr. HOWARD, Mr. WEISS, Mr. JACOBS, Mr. YOUNG of Missouri, Mr. GRAY of Pennsylvania, Mr. NELSON of Florida, Mr. AKAKA, Mr. DELLUMS, Mr. BERMAN, Mr. FROST, and Mr. MARTINEZ.

H. Con. Res. 122: Mr. GROTBERG.

H. Con. Res. 127: Mr. CHAPPIE, Mr. RALPH M. HALL, Mrs. HOLT, Mr. COATS, Mr. RUDD, Mr. BEVILL, Mr. ARMEY, Mr. MONSON, Mr. PORTER, and Mrs. BENTLEY.

H. Con Res. 197: Mr. BEDELL.

H. Con Res. 211: Mr. YATES, Mr. HORTON, Mr. KLECZKA, Mr. SUNIA, Mr. EVANS of Illinois, Mr. FAUNTROY, Mr. WHEAT, Mr. STAGGERS, Mr. ZSCHAU, Mr. MAVROULES, Mr. DELLUMS, Mr. DYMALLY, Mr. WALGREN, Mr. MURPHY, Mr. SCHEUER, Mr. FUSTER, Mr. TORRICELLI, Mr. HEFTEL of Hawaii, Mr. LEHMAN of Florida, Mrs. COLLINS, Mr. GILMAN, and Mr. WORTLEY.

H. Con. Res. 213: Mr. MARTINEZ.

H. Res. 60: Mr. BROOMFIELD, Mr. COURTER, Mr. DENNY SMITH, Mr. ROEMER, Ms. FIEDLER, Mr. DASCHLE, Mr. GALLO, Mr. ROTH, Mr. SHAW, Mr. LUNGREN, Mr. BRYANT, Mr. DANNEMEYER, and Mr. ROWLAND of Connecticut.

H. Res. 268: Mr. ST GERMAIN.

H. Res. 270: Mr. BERMAN.

H. Res. 315: Mr. BATES, Mr. BOULTER, Mrs. COLLINS, Mr. DELLUMS, Mr. HENRY, Mrs. HOLT, Mr. KANJORSKI, Mr. KOSTMAYER, Mr. MARKEY, Mr. MYERS of Indiana, Ms. OAKAR, Mr. OXLEY, Mr. SCHEUER, Mr. WAXMAN, and Mr. MCCAIN.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2817

By Mr. BLILEY:

(As reported by the Committee on Ways and Means.)

—Page 261, strike out line 1 and all that follows through line 13, and insert in lieu thereof the following:

"(2) EQUIVALENT OF INCINERATION.—For purposes of subparagraph (A), a method, technique, or process shall be treated as the equivalent of incineration on land if—

"(A) such method, technique, or process has been shown to achieve a destruction and removal efficiency for the hazardous waste involved at least equivalent to the destruction and removal efficiency applicable to incineration on land, and

"(B) such method, technique, or process meets any applicable detailed performance standards established by the Environmental Protection Agency."

By Mr. MCKERNAN:

(Union Calendar No. 216.)

—Page 365, strike out lines 20 through line 2 on page 366.

—Page 365, strike out lines 23 through 25 and insert in lieu thereof the following:

"503(a), except that any State which on the date of enactment has in effect a statute that requires".

By Mr. VENTO:

(Union Calendar No. 216.)

—Page 45, after line 2, insert the following:

(3) In paragraph (3) insert before the period at the end thereof the following: "; except that if any ground water which is used as a water supply source by any municipality or the residents of any municipality is contaminated as a result of a release of a hazardous substance from a federally owned facility and if the United States is not the only potentially responsible party with respect to such release, money in the Fund, made available pursuant to authorizations of appropriations for fiscal years beginning after September 30, 1986, shall be available for reimbursement of any costs incurred after December 11, 1980, by such muncipality for provision or acquisition of alternative water supplies".

(As reported by the Committee on Energy and Commerce.)

—Page 39, after line 14, insert the following:

(3) In paragraph (3) insert before the period at the end thereof the following: "; except that if any groundwater which is used as a water supply source by any municipality or the residents of any municipality is contaminated as a result of a release of a hazardous substance from a federally owned facility and if the United States is not the only potentially responsible party with respect to such release, money in the Fund, made available pursuant to authorizations of appropriations made by this bill, shall be available for reimbursement of any costs incurred after December 11, 1980, by such muncipality for provision or acquisition of alternative water supplies".

(As reported by the Committee on Public Works and Transportation.)

—Page 445, line 24, strike out "and". Page 446, after line 4, strike out the period and insert in lieu thereof "; and".

(3) In paragraph (3) insert before the period at the end thereof the following: "; except that if any ground water which is used as a water supply source by any municipality or the residents of any municipality is contaminated as a result of a release of a hazardous substance from a federally owned facility and if the United States is not the only potentially responsible party with respect to such release, money in the Fund, made available pursuant to authorizations of appropriations for fiscal years beginning after September 30, 1986, shall be available for reimbursement of any costs incurred after December 11, 1980, by such muncipality for provision or acquisition of alternative water supplies.".

H.R. 3700

By Mr. Richardson:

—Page 649, after line 12, insert the following new title:

TITLE XIII—NATIVE AMERICAN CULTURE AND ART DEVELOPMENT

SEC. 1301. SHORT TITLE.

This title may be cited as the "Native American Culture and Art Development Act".

SEC. 1302. FINDINGS.

The Congress finds that—

(1) Native American art and culture has contributed greatly to the artistic and cultural richness of the Nation;

(2) Native American art and culture occupies a unique position in American history as being our only native art form and cultural heritage;

(3) although the encouragement and support of Native American arts and crafts are primarily a matter for private, local, and Native American initiative, it is also an appropriate matter of concern to the Federal Government;

(4) it is appropriate and necessary for the Federal Government to support research and scholarship in Native American art and culture and to complement programs for the advancement of Native American art and culture by tribal, private, and public agencies and organizations;

(5) current Federal initiatives in the area of Native American art and culture are fragmented and inadequate; and

(6) in order to coordinate the Federal Government's efforts to perserve, support, revitalize, and disseminate Native American art and culture, it is desirable to establish a national Institute of Native American Culture and Arts Development.

SEC. 1303. ESTABLISHMENT OF INSTITUTE.

There is hereby established a corporation to be known as the "Institute of Native American Culture and Arts Development", which shall be under the direction and control of a board of Trustees established under section 1304.

SEC. 1304. BOARD OF TRUSTEES.

(a) COMPOSITION.—(1) The Board shall be composed of 15 voting members and 4 nonvoting members.

(A) The voting members shall be appointed by the Secretary from among individuals from private life who are Native Americans, or other individuals, widely recognized in the field of Native American art and culture and who represent diverse political views.

(B) The nonvoting members shall be as follows:

(i) One member of the House of Representatives appointed by the Speaker of the House of Representatives in consultation with the minority leader of the House of Representatives.

(ii) One member of the Senate appointed by the majority leader of the Senate in consultation with the minority leader of the Senate.

(iii) The President of the Institute, ex officio.

(iv) The President of the student organization of the Institute, ex officio.

(2) In making appointments pursuant to paragraph (1)(A), the Secretary shall—

(A) consult with the Indian tribes and the various organizations of Native Americans;

(B) publish in the Federal Register an announcement of the expiration of terms no less than four months before such expiration;

(C) solicit nominations from Indian tribes and various Native American organizations to fill the vacancies; and

(D) give due consideration to the appointment of individuals who will provide appropriate regional and tribal representation on the Board.

(3) The Speaker of the House of Representatives may recommend individuals to be appointed under paragraph (1).

(D) TERMS OF OFFICE.—(1) Except as otherwise provided in this section, members shall be appointed for terms of six years.

(2) The terms of the Member of the House of Representatives and of the Senator shall expire at the end of the congressional term of office during which such Member or Senator was appointed to the Board.

(3) Of the members first appointed—

(A) five shall be appointed for terms of two years;

(B) five shall be appointed for terms of four years; and

(C) five shall be appointed for terms of six years;

as designated by the Secretary at the time of appointment.

(4) No member of the Board shall be eligible to serve in excess of two consecutive terms, but may continue to serve until such member's successor is appointed.

(c) VACANCIES.—(1) Any member of the Board appointed under subsection (a) to fill a vacancy occurring before the expiration of the term to which such member's predecessor was appointed shall be appointed for the remainder of such term.

(2) If a vacancy occurs prior to the expiration of the term of a member of the Board appointed under subsection (a)(1)(B), a replacement shall be appointed in the manner in which the original appointment was made.

(d) REMOVAL.—No member of the board shall be removed during the period of appointment except for just and sufficient cause.

(e) MEETINGS.—The Board shall hold no more than two regular meetings during any calendar year. Special meetings may be held upon the call of the chairperson or not less than eight voting members of the Board. Meetings of the Board may only be held in Sante Fe, New Mexico, or Washington, D.C.

(f) QUORUM.—Unless otherwise provided by the bylaws of the Institute, a majority of the members of the Board shall constitute a quorum.

(g) ELECTION OF OFFICERS.—(1) During its initial meeting, the Board shall elect a chairperson, vice-chairperson, secretary, and treasurer from among the voting members of the Board appointed under subsection (a)(1)(A), who shall serve for two-year terms and may be reelected to additional two-year terms.

(2) In the case of a vacancy in any position under this subsection, such vacancy shall be filled by an election among such voting members. Any member appointed to fill any such vacancy shall serve for the remainder of any such vacancy shall serve for the remainder of any such unexpired term.

(h) FUNCTIONS.—The Board is authorized—

(1) to formulate the policy of the Institute;

(2) to direct the management of the Institute; and

(3) to make such bylaws and rules as it deems necessary for the adminstration of its functions under this title, including the organization and procedures of the Board.

(i) COMPENSATION.—(1) Except as provided in paragraph (2), voting members and the ex officio members of the Board may receive reasonable travel expenses in accordance with section 5703 of title 5, United States Code, when engaged in the actual performance of the duties vested in the Board.

(2) No Member of the House of Representatives or Senate appointed under this section may receive compensation for performing duties of the Board, except that any such Member or Senator who does not represent the congressional district in which the Institute is located may receive travel expenses, including a per diem allowance, when performing duties of the Board.

(j) REVIEW BY SECRETARY OF INTERIOR.—for so long as any employee of the Institute is covered under title 5, United States Code, the Board (by majority vote) shall submit every final decision to the Secretary of Interior. Each such decision shall become final 30 days after the date of its receipt by the Secretary unless the Secretary disapproves of such decision. The Secretary may only disapprove a decision of the Board for just cause.

SEC. 1305. EXECUTIVE BOARD.

(a) COMPOSITION.—The Board shall have an Executive Board composed of—

(1) the chairperson of the Board;

(2) the vice-chairperson of the Board;

(3) the secretary of the Board;

(4) the treasurer of the Board; and

(5) an at-large member of the Board elected by the Board at its initial meeting.

(b) VACANCIES.—In the case of any vacancy which occurs in the position of at-large member before the expiration of such member's term, the Board shall elect a replacement to complete that term.

(c) MEETINGS.—The executive Board shall hold not more than four regular meetings per calendar year. Special meetings may be held upon the call of the chairperson or three members of the executive Board.

(d) QUORUM.—A majority of the Executive Board shall constitute a quorum.

(e) POWERS.—The Executive Board may hold and use all the powers of the Board, subject to the approval of the Board.

SEC. 1306. GENERAL POWERS OF THE BOARD.

In carrying out the provisions of this title, the Board shall have the power, consistent with the provisions of this title—

(1) to adopt, use, and alter a corporate seal;

(2) to make agreements and constracts with persons, Indian tribes, and private or governmental entities and to make payments or advance payments under such agreements or contracts without regard to section 3324 of title 31, United States Code;

(3) to sue and be sued in its corporate name and to complain and defend in any court of competent jurisdiction;

(4) to represent itself, or to contract for representation, in all judicial, legal, and other proceedings;

(5) with the approval of the agency concerned, to make use of services, facilities, and property of any board, commission, independent establishment, or executive agency or department of the executive branch in carrying out the provisions of this title and to pay for such use (such payments to be credited to the applicable appropriation that incurred the expenses);

(6) to use the United States mails on the same terms and conditions as the executive departments of the United States Government;

(7) to obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code, and to accept and utilize the services of voluntary and noncompensated personnel and reimburse them for travel expenses, including per diem, as authorized by section 5703 of title 5, United States Code;

(8) to solicit, accept, and dispose of gifts, bequests, devises of money, securities, and other properties of whatever character, for the benefit of the Institute;

(9) to receive grants from, and enter into contracts and other arrangements with, Federal, State, or local governments, public and private agencies, organizations, and institutions, and individuals;

(10) to acquire, hold maintain, use, operate, and dispose of such real property, including improvements thereon, personal property, equipment, and other items, as may be necessary to enable the Board to carry out the purposes of this title;

(11) to use any funds or property received by the Institute to carry out the purposes of this title; and

(12) to exercise all other lawful powers necessarily or reasonably related to the establishment of the Institute in order to carry out the provisions of this title and the exercise of the powers, purposes, functions, duties, and authorized activities of the Institute.

SEC. 1307. PRESIDENT OF THE INSTITUTE.

(a) APPOINTMENT.—The Institute shall have a President who shall be appointed by the Board. The President of the Institute shall serve as the chief executive officer of the Institute. Subject to the direction of the Board and the general supervision of the Chairperson of the Board, the President of the Institute shall have the responsibility for carrying out the policies and functions of the Institute and shall have authority over all personnel and activities of the Institute.

(b) COMPENSATION.—The President of the Institute shall be paid at a rate not to exceed the maximum rate of basic pay payable for grade GS-15 of the General Schedule.

SEC. 1308. STAFF OF INSTITUTE.

(a) EXEMPTION FROM CIVIL SERVICE.—Except as otherwise provided in this section, title 5, United States Code, shall not apply to the Institute.

(b) APPOINTMENT AND COMPENSATION.—(1) The President of the Institute, with the approval of the Board, shall have the authority to appoint, fix the compensation of (including health and retirement benefits), and prescribe the duties of, such officers and employees as the President deems necessary for the efficient administration of the Institue.

(2) The President shall fix the basic compensation for officers and employees of the Institute at rates comparable to the rates in effect under the General Schedule for individuals with comparable qualifications, and holding comparable positions, to whom chapter 51 of title 5, United States Code, applies.

(3)(A) Not later than 30 days after the President is appointed under section 1307, the President shall promulgate rules and regulations governing—

(i) the establishment of positions at the Institute,

(ii) basic compensation for such positions (including health and retirement benefits),

(iii) entitlement to compensation,

(iv) conditions of employment,

(v) discharge from employment,

(vi) the leave system, and

(vii) such other matters as may be appropirate.

(B) Rules and regulations promulgated with respect to discharge and conditions of employment shall require—

(i) that procedures be established for the rapid and equitable resolution of grievances of such individuals; and

(ii) that no individual may be discharged without cause, notice of the reasons therefor, and an opportunity for a hearing under procedures that comport with the requirements of due process.

(c) HIRING PREFERENCE.—In carrying out subsection (b)(1), the President shall, to the maximum extent practicable, give preference in hiring to Native Americans.

(d) APPEAL TO BOARD.—Any officer or employee of the Institute may appeal to the Board any determination by the President to not re-employ or to discharge such officer or employee. Upon appeal, the Board may, for good cause and in writing to the President, overturn the determination of the President with respect to the employment of such officer or employee.

(e) NO REDUCTION IN CLASSIFICATION OR COMPENSATION.—Individuals who elect to remain civil service employees shall be transferred in accordance with applicable laws and regulations relating to the transfer of functions and personnel, except that any such transfer shall not result in a reduction in classification or compensation with respect to any such personnel for not less than one year after the transfer.

(f) LEAVE.—(1) Any individual who—

(A) elects under subsection (h) to be covered under the provisions of this section, or

(B) is an employee of the Federal Government and is transferred or reappointed, without a break in service, from a position under a different leave system to the Institute,

shall be credited for the purposes of the leave system provided under rules and regulations promulgated pursuant to subsection (b), with the annual and sick leave to the credit of such individual immediately before the effective date of such election, transfer, or reappointment.

(3) Upon termination of employment with the Institute, any annual leave remaining to the credit of an individual within the purview of this section shall be liquidated in accordance with sections 5551(a) and 6306 of title 5, United States Code, except that leave earned or accrued under rules and regulations promulgated pursuant to subsection (b) shall not be so liquidated.

(4) In the case of any individual who is transferred, promoted, or reappointed, without break in service, to a position in the Federal Government under a different leave system, any remaining leave to the credit of such person earned or credited under the rules and regulations promulgated pursuant to subsection (b) shall be transferred to the credit of such individual in the employing agency on an adjusted basis in accordance with the rules and regulations which shall be promulgated by the Civil Service Commission.

(g) APPLICABILITY.—This section shall apply to any individual appointed after the date of the enactment of this title for employment in the Institute. Except as provided in subsections (e) and (h), the enactment of this title shall not affect—

(1) the continued employment of any individual employed immediately before the date of the enactment of this title; or

(2) such individual's right to receive the compensation attached to such position.

(h) TERMINATION OF CIVIL SERVICE POSITIONS.—(1) At the end of the two-year period beginning on the effective date of section 1311, any position at the Institute which is occupied by an individual in the civil service shall terminate. During such period, such individual may make an irrevocable election to be covered under the provisions of this section, except that such individual may elect to continue to be subject to chapter 83 of title 5, United States Code (relating to retirement).

(2) Any individual who makes an election under paragraph (1) to continue to be subject to chapter 83 of title 5, United States Code, shall, so long as continually employed by the Institute without a break in service, continue to be subject to such chapter. Employment by the Institute without a break or continuity in service shall be considered to be employment by the United States Government for purposes of subchapter III of such chapter. The Institute shall be the employing agency for purposes of section 8334(a) of such title, and shall contribute to the Civil Service Retirement and Disability Fund such sum as is required by such section.

SEC. 1309. FUNCTIONS OF THE INSTITUTE.

(a) PRIMARY FUNCTIONS.—The primary functions of the Institute shall be—

(1) to provide scholarly study of, and instruction in, the arts and culture of Native Americans, and

(2) to establish programs which culminate in the awarding of degrees in the various fields of Native American art and culture.

(b) ESTABISHMENTS WITHIN INSTITUTE.—There shall be established within the Institute—

(1) a Center for Culture and Art Studies to be administered by a director (appointed by the President of the Institute, with the approval of the Board), which shall include Departments of Arts and Sciences, Visual Arts, Performing Arts, Language, Literature, and Museology; and

(2) a Center for Research and Cultural Exchange, administered, with the approval of the Board), which shall include—

(A) a museum of Native American arts;

(B) a learning resources center;

(C) programs of institutional support and development;

(D) research programs;

(E) fellowship programs;

(F) seminars;

(G) publications;

(H) scholar-in-residence and artist-in-residence programs; and

(I) inter-institutional programs of cooperation at national and international levels.

(c) OTHER PROGRAMS.—In addition to the centers and programs described in subsection (b), the Institute shall develop such programs and centers as the Board determines are necessary to—

(1) foster research and scholarship in Native American art and culture through—

(A) resident programs;

(B) cooperative programs; and

(C) grant programs;

(2) complement existing tribal programs for the advancement of Native American art and culture; and

(3) coordinate efforts to preserve, support revitalize and develop evolving forms of Native American art and culture.

SEC. 1310. NONPROFIT AND NONPOLITICAL NATURE OF THE INSTITUTE.

(a) STOCK.—The Institute shall have no power to issue any shares of stock, or to declare or pay any dividends.

(b) INCOME AND ASSETS.—No part of the income or assets of the Institute shall inure to the benefit of any director, officer, employee, or any other individual except as salary or reasonable compensation for services.

(c) POLITICAL CONTRIBUTIONS.—The Institute may not contribute to, or otherwise support, any political party or candidate for elective public office.

SEC. 1311. TRANSFER OF FUNCTIONS.

(a) INSTITUTE OF AMERICAN INDIAN ARTS.—There are hereby transferred to the Institute, and the Institute shall perform, the functions of the Institute of American Indian Arts established by the Secretary of the Interior in 1962.

(b) CERTAIN MATTERS RELATING TO TRANSFERRED FUNCTIONS.—(1) All personnel, liabilities, contracts, real property (including the museum located on the site known as the "Santa Fe Indian School" and its collections), personal property, assets, and records as are determined by the Director of the Office of Management and Budget to be employed, held, or used primarily in connection with any function transferred under the provisions of this title (regardless of the administrative entity providing the services on the date before the transfer), are hereby transferred to the Institute.

(2) Personnel engaged in functions transferred by this title shall be transferred in accordance with applicable laws and regulations relating to the transfer of functions, except that such transfer shall be without reduction in classification or compensation for one year after such transfer.

(c) APPLICABLE LAWS AND REGULATIONS.—All laws and regulations relating to the Institute of American Indian Arts transferred to the Institute by this title shall, insofar as such laws and regulations are applicable, remain in full force and effect. With respect to such transfers, reference in any other Federal law to the Institute of American Indian Arts, or any officer so transferred in connection therewith, shall be deemed to be a reference to the Institute.

(d) TECHNICAL AND SUPPORT ASSISTANCE.—(1) During the transfer period, the Secretary of the Interior shall provide such technical and support assistance to the Institute as the Secretary determines reasonable or necessary to assist the Institute. Such assistance shall include audit, accounting, computer services, and building and maintenance services.

(2) For the purposes of paragraph (1), the term "transfer period" means the 2-year period beginning on the effective date of this section.

(e) ADVISORY BOARD.—Notwithstanding the effective date of this section, during the period beginning on the date of the enactment of this title and ending on the effective date of this section, the Advisory Board for Institute of American Indian Arts shall continue to act in an advisory role for the Board and the Institute.

(f) EFFECTIVE DATE.—This section shall take effect beginning on October 1, 1986.

SEC. 1312. REPORTS.

(a) ANNUAL REPORT.—The President of the Institute shall submit an annual report to the Congress and to the Board concerning the status of the Institute during the 12 calendar months preceding the date of the report. Such report shall include, among other matters, a detailed statement of all private and public funds, gifts, and other items of a monetary value received by the Institute during such 12-month period and the disposition thereof as well as any recommendations for improving the Institute.

(b) BUDGET PROPOSAL.—(1) During the two-year period beginning on the effective date of section 1311, the Board shall submit a budget proposal to the Secretary of the Interior. The Secretary shall submit that proposal to the Congress.

(2) After the period described in paragraph (1) and for each fiscal year thereafter, the Board shall submit a budget proposal to the Congress.

(3) A budget proposal under this subsection shall be submitted not later than April 1 of each calendar year and shall propose a budget for the Institute for the two fiscal years succeeding the fiscal year during which such proposal is submitted.

(4) In determining the amount of funds to be appropriated to the Institute on the basis of such proposals, the Congress shall not consider the amount of private fundraising or bequests made on behalf of the Institute during any proceding fiscal year.

SEC. 1313. HEADQUARTERS.

The site of the Institute of American Indian Arts, at Santa Fe, New Mexico, shall be maintained as the location for the Institute of Native American Culture and Arts Development. To facilitiate this action and the continuity of programs being provided at the Institute of American Indian Arts, the Secretary may enter into negotations with State and local governments for such exchanges or transfers of lands and such other assistance as may be required.

SEC. 1314. ENDOWMENT PROGRAM.

(a) ESTABLISHMENT.—(1) From the amount appropriated pursuant to section 1316, the Secretary shall make available to the Institute not more than $500,000 which shall be deposited into in a trust fund maintained by the Institute at a federally insured banking or savings institution.

(2) The President of the Institute shall provide for the deposit into such fund—

(A) of a capital contribution by the Institute in an amount equal to the amount of each Federal contribution; and

(B) any earnings of the funds deposited under paragraphs (1) or (2)(A).

(3) Such funds shall be deposited in such a manner as to insure the accumulation of interest thereon at a rate not less than that generally available for similar funds deposited at the same banking or savings institution for the same period or periods of time.

(4) If at any time in the Institute withdraws any capital contribution made by that Institute, and equal amount of Federal capital contribution shall be withdrawn and returned to the Treasury as miscellaneous receipts.

(5) No part of the net earnings of such trust fund shall inure to the benefit of any private person.

(6) The President of the Institute shall provide for such other provisions as may be necessary to protect the financial interest of the United States and to promote the purpose of this title as are agreed to by the Secretary and the Institute, including record-keeping procedures for the expenditure of accumulated interest which allow the Secretary to audit and monitor programs and activities conducted with such interest.

(b) USE OF FUNDS.—Interest deposited pursuant to paragraph (2)(B) in such trust fund may be periodically withdrawn and used, at the discretion of the Institute, to defray any expenses associated with the operation of the Institute, including expense of operations and maintenance, administration, academic and support personnel, community and student services programs, and technical assistance.

(c) COMPLIANCE WITH MATCHING REQUIREMENT.—For the purpose of complying with the contribution requirement of paragraph (2)(A), the Institute may use funds which are available from any private or tribal source.

(d) ALLOCATION OF FUNDS.—From the amount appropriated pursuant to section 1316, the Secretary shall allocate to the Institute an amount for a federal capital contribution equal to the amount which the Institute demonstrates has been placed within the control of, or irrevocably committed to the use of, the Institute and is available for deposit as a capital contribution of that Institute in accordance with the subsection (a)(1).

SEC. 1315. DEFINITIONS.

As used in this title—

(1) the term "Board" means the Board of Trustees established under section 1304;

(2) the term "Indian tribe" means any tribe, band, nation, or other organized group or community of Indians, including any Alaska Native village or regional or village corporation (as defined in, or established pursuant to, the Alaska Native Claims Settlement Act), which is recognized as eligible for special programs and services provided by the United States to Indians because of their status as Indians;

(3) the term "Institute" means the Institute of Native American Culture and Arts Development established by this title;

(4) the term "Native American" means any person who is a member of an Indian tribe;

(5) the term "Native American art and culture" includes the traditional and contemporary expressions of Native American language, history, visual and performing arts, and crafts; and

(6) the term "Secretary" means the Secretary of the Interior.

SEC. 1316. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this title.

H.J. RES. 465

By Mr. MANTON:

—Add at the end thereof the following new section:

SEC. 117. Notwithstanding any other provision of this joint resolution or any other provision of law, none of the funds made available by this joint resolution or any other provision of law for fiscal year 1986 may be used to plan, implement, or administer—

(1) the closure of a Social Security field office if such closure would result in a net reduction in the total number of Social Security field offices during fiscal year 1986 which is greater than the average annual net reduction in the total number of Social Security field offices during the preceding five fiscal years; or

(2) a reduction in personnel level in the Social Security Administration during fiscal year 1986 which would result in a personnel level in such Administration during such fiscal year which is less than the equivalent of 77,349 full-time positions.

No provision of this section shall be treated as repealed, superseded, or otherwise limited by any other provision of law enacted before, on, or after the date of the enactment of this joint resolution except by explicit cross-reference thereto.

By Mr. REGULA:

—Page 14, after line 23, insert the following new section:

SEC. 117. The Secretary of the Interior is hereby directed to make every effort during the balance of fiscal year 1986 to resolve the outstanding conflicts with respect to the future leasing and protection of lands on the California outer continental shelf for oil and gas exploration and development. To this end, the Secretary shall submit to the Congress once every 60 days following the date of enactment of this resolution until the end of fiscal year 1986 a report summarizing the progress of negotiations carried out to resolve these outstanding conflicts. Such negotiations shall be conducted by the Secretary and the following members of Congress to be designated by the Speaker of the House of Representatives and the Majority Leader of the Senate:

(1) The Chairmen and ranking minority members of the following committees and subcommittees of the Congress having jurisdiction over these issues:

(A) The Subcommittee on the Interior of the Committee on Appropriations of the House of Representatives.

(B) The Subcommittee on Energy and the Environment of the Committee on Interior and Insular Affairs of the House of Representatives.

(C) The Subcommittee on the Panama Canal and Outer Continental Shelf of the Committee on Merchant Marine and Fisheries of the House of Representatives.

(D) The Subcommittee on the Interior of the Committee on Appropriations of the Senate.

(E) The Committee on Energy and Natural Resources of the Senate.

(2) Two United States Senators from California.

(3) Seven members of the California delegation to the House of Representatives.