

This amendment will give the State WIC administrators the opportunity to help as many WIC participants as possible.

WIC is a respected prevention program which effectively fights hunger, reduces infant mortality, provides education, and cares for low-income women, infants, and children, so they can reach their full potential in life. With this counterproductive cap, the WIC Program will impact fewer lives.

The Hall-Roukema amendment is a budget-neutral amendment which would remove the cap of \$7.3 million on the WIC Program, without changing the funding level appropriated in this bill. The elimination of the cap would encourage cost-containment measures which would generate more savings which, in turn, will serve more needy participants. The cap only serves to cause unnecessary redtape in a time when we are working to down-size Government and limit Government intrusion into people's lives.

I urge my colleagues to support the Hall-Roukema amendment and provide States with the incentive and ability to stretch their funds and help eligible individuals enter the WIC Program.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1996

SPEECH OF

HON. MARGE ROUKEMA

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, July 21, 1995

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1976) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and related agencies programs for the fiscal year ending September 30, 1996, and for other purposes:

Mrs. ROUKEMA. Mr. Chairman, I rise in strong support of the Zimmer-Schumer amendment.

I want to thank my friend from New Jersey for offering this common sense amendment. It is about time that this Congress sent a clear message to the American people—that we are serious about reducing the Federal deficit. How can we possibly ask the American taxpayer to subsidize advertising for corporate America? Yet that's what we do.

At a time when we are slashing programs in every agency, it is absurd that we would continue this type of corporate welfare.

It would be different if the Market Promotion Program worked to the benefit of the small farmer. The fact is that it doesn't. In 1994, Hershey's Chocolate received \$265,000. In contrast, Berry Confectioners, a small company in New York, received \$2,000. Clearly, this is indicative of a program that is designed not to help small businesses, but rather to provide welfare to wealthy corporations.

My colleagues, if that example is not enough to convince you that the MPP is severely flawed, consider this: Gallo Wines received an astounding \$2.5 million, while small businesses such as Mountain View Vintners received \$2,500. Does this strike anyone else

as odd? Gallo Wines, a company with hundreds of thousands, if not millions of dollars at its disposal received 1,000 times the Federal dollars that a small vintner did.

Every year, huge American corporations like SunSweet, Sunkist, Del Monte, and McDonalds take Federal dollars and spend them overseas.

The GAO has said that the Market Promotion Program is a case study in poor management. Even so, the Appropriations Committee has elected to expand the MPP budget this year by \$25 million. We have before us a chance to end the practice of supporting corporations with multimillion dollar advertising budgets to market their programs in foreign countries.

Mr. Chairman, if we are so concerned with the ability of small and mid-size businesses to market their products overseas, we should pass the Zimmer amendment, eliminate the MPP and allow the Agriculture Committee to devise a program that actually helps the small farmer during consideration of the farm bill.

Mr. Chairman, the time is now. Support the Zimmer-Schumer amendment. End this form of corporate welfare, and let Federal dollars go to programs that really need our help.

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 1996

SPEECH OF

HON. JIM KOLBE

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 25, 1995

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2076) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1996, and for other purposes:

Mr. KOLBE. Mr. Chairman, I rise in support of the Commerce, Justice, State, and Judiciary appropriations bill before us today. I especially want to commend Chairman ROGERS for his excellent work through difficult budgetary and personal times. Despite the hurdles, the chairman and subcommittee have brought to the House a bill worthy of support.

Downsizing Government means making choices among spending priorities, and this bill does just that by channeling funds to programs that are in the taxpayers' interest. While I don't agree with every single funding decision, on balance this is a responsible bill with which I am proud to be associated.

This bill takes a giant step toward addressing the issue of border enforcement. Even with an outright rejection of the administration's ill-conceived border crossing fee, H.R. 2076 provides funding to put an additional 1,400 Border Patrol agents and inspectors on the front lines of the border. Overall funding for the Immigration and Naturalization Service is increased by 20 percent which will help border communities like those I represent.

The bill also provides \$500 million for the State Criminal Alien Assistance Program that reimburses States for the costs associated with incarcerating criminal aliens. The General Accounting Office estimates that the nation-

wide costs incurred by States for this could exceed \$650 million. This appropriation takes a huge step towards addressing that problem.

The committee also recommends to the INS that they participate in a pilot program designed to increase cooperation between Federal, State, and local agencies at ports-of-entry. I am convinced this pilot program will prove that ports can be run more efficiently, thus better facilitating trade and commerce along the border.

This increase in funding is justified. We must recognize that illegal immigration is a national problem, not a State problem. This Congress must reaffirm its commitment to States and local communities because they are the ones who must contend with failed illegal immigration policies of the past. To turn our backs on that responsibility would be wrong.

The recent tragedy in Oklahoma City is a horrific reminder of violence in our society, but sadly, it occurs all too often—if not as dramatically—in communities across this land. So, I'm supportive of the actions this bill takes to combat crime.

The Federal Government does not have all the answers when it comes to combating the crime we are most concerned about. I do not believe the Congress should try to manage State and local law enforcement agencies. Rather, we need to support measures that empower local law enforcement—H.R. 2076 does just that. This legislation gives maximum flexibility to local law enforcement officials to administer \$2 billion for law enforcement and prevention programs instead of mandating that money be used for specific purposes. The bill will allow local officials to use funds to put more police on the streets, purchase needed equipment, fund youth prevention programs, provide drug court programs, or other urgent needs, according to the priorities determined by 39,000 State and local entities—not Washington. Additionally, H.R. 2076 provides nearly \$500 million for the Byrne Grant Program that has been used very effectively by local law enforcement. In my own district, very successful law enforcement alliances have succeeded because of the availability of Byrne Grant moneys.

Let me shift gears for a moment to address what this bill does with funding for the Commerce Department. I support the restructuring of the Commerce Department. Over the years, this agency has become the dumping ground for every new function of the Federal Government that didn't fit someplace else. While this bill does not dismantle the Commerce Department, it cuts it by nearly 20 percent—a clear signal to Congress to reorder its functions. I will support amendments to this legislation making further cuts in certain areas of Commerce, and will soon introduce with others a version of how dismantling the Department might be accomplished.

I am pleased the committee funded the Small Business Administration's microloan program which has helped create hundreds of jobs in Arizona at little or not cost to the Government. Organizations like Project PPEP help to effectively administer these startup loans in areas where this type of assistance is effectively used and where loan defaults are almost nonexistent.

The bill provides resources for the State Department to continue its vital functions across the globe. While H.R. 2076 does cut funding 9 percent below last year's spending levels,

the cuts are fair and sensible. Contributions to U.N. peacekeeping operations are kept in check while affording the executive branch maximum flexibility and the legislative branch maximum oversight. The bill closely resembles the provisions of the American Overseas Interests Act passed by the House earlier this year.

I encourage all of my colleagues to support this legislation that is both fiscally responsible and attentive to the needs of the American people.

INTRODUCTION OF THE SMALL BUSINESS TRANSFER ACT OF 1995

HON. DAVID DREIER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 27, 1995

Mr. DREIER. Mr. Speaker, one of the goals of the new Republican majority in Congress is to evaluate the performance and objectives of all federal programs and agencies. In undertaking such evaluations, I believe two fundamental questions need to be answered:

First, what aspects of the program or agency continue to serve a beneficial public policy purpose?

Second, how can we redesign the program or agency to perform the useful functions in a cost-effective manner?

Today, Representative JOEL HEFLEY, vice chairman of the Committee on Small Business, and I have introduced H.R. 2125, the Small Business Administration Transfer Act, which addresses these two questions in a positive way. In conversations with small business owners and their representatives here in Washington about the role of the Small Business Administration, I am told consistently that the two areas where the Federal Government can be helpful are in providing access to capital and a voice at the highest levels of government. The remaining functions of the Small Business Administration have little to do with, or actually hinder, small business growth.

The Small Business Transfer Act strengthens the programs that matter most to small business while saving taxpayers \$3 billion over 5 years. Under the legislation, the present Small Business Administration, with its outdated and heavily bureaucratic regional, district, and field structure, would cease to exist on October 1, 1996. An Office of Small Business Advocacy would be established in the Executive Office of the President. This office, which would function in a manner similar to the SBA's Office of Advocacy, will give small business a voice inside the White House.

The bill also establishes an Office of Small Business Lending in the Department of Treasury. The office would consist of an Under Secretary, Deputy Under Secretary, and no more than 200 auditors who would administer a small business general loan guarantee program. All other SBA credit programs and revolving funds would be transferred to this office for servicing and liquidation.

The guaranteed loan program would function like the current Preferred Lenders Program, whereby the lender would have the complete authority to make close, service and liquidate loans. Maximum loan amounts would remain the same, but the guaranteed portion

may not exceed 75 percent of the financing outstanding at the time the loan is made. No direct or immediate participation loans could be made.

To be eligible for a guaranteed loan, a business must meet:

First, the credit elsewhere test, denied credit by two lending institutions; second the definition of a small business; and third, the requirements of Sec. 7(a)(6) of the Small Business Act that all loans be of such sound value or so secured as reasonably to assure repayment.

For lenders to be eligible to participate in the program, the lender must maintain at least a 6-percent capital-to-asset ratio. The bill contains language explicitly subjecting lender loan portfolios to an annual compliance review conducted OSBL auditors. As an option, this could be done as part of an institution's overall compliance review conducted by the appropriate bank regulator.

The bill also contains language capping taxpayer exposure with excess or above historic average losses on each lender's portfolio. For example, if the lender's portfolio is 10 percent above the industry's historic loss average, the guarantee on loans originated by the lender would fall by 10 percent—from 75 percent to 68.5 percent.

The Treasury Secretary would be required to collect a minimum guarantee fee of 1/2 of 1 percent of the amount of the deferred participation share of any guaranteed loan. The lender would be permitted to finance the guarantee fee as part of the loan. The Treasury Secretary would be required to adjust the guarantee fee, subject to the normal reporting requirements, to ensure a guarantee fund that is self-financing.

The reforms made to the loan guarantee program respond to a December 1992 General Accounting Office study of Housing and Community Development issues. The study made the following observations:

There has been no recent assessment of what sector of small business, if any, would receive financial assistance if SBA did not exist. Nor has there been a recent assessment of the economic impact that has resulted from billions of dollars in Federal guarantees that SBA has provided to small businesses. Yet in fiscal year 1992, SBA almost doubled the value of the business loans that it guaranteed—from \$3.8 billion in fiscal year 1991 to \$6.4 billion in fiscal year 1992. Our work has shown that SBA's loss rate is greater than that of private lenders and that SBA has not adequately overseen the operations of lenders receiving government loan guarantees.

Mr. Speaker, the reason the GAO's assessment of the SBA is so negative is that the agency's mission statement is faulty. In 1985, then OMB Director David Stockman called the SBA a billion-dollar waste—a rathole. Ten years later, the agency has undergone numerous reorganizations and credit reforms that have brought down default rates and improved the operations of credit programs. But the agency is still a failure because of the faulty premise that Government can create private sector jobs. Even if the Government could create private sector jobs, the SBA's programs are inconsistent with that mission.

Instead, what we have is an agency that reallocates credit to the least credit worthy; provides noncompetitive contracts to millionaire minorities at the expense of small business;

plants trees at a cost of up to \$1,200 per tree; and provides \$70 million a year in grants to universities, which is the last place a small business person goes for advice.

In his book "*The Effective Executive*" Peter Drucker, my professor at the Claremont Graduate School, referred to an order by President Johnson that all Government agencies adopt program reviews to weed out obsolete and unproductive work. "This is a good first step, and badly needed," Drucker said. "But it will not produce results as long as we maintain the traditional assumption that all programs last forever unless proven to have outlived their usefulness. The assumption should rather be that all programs outlive their usefulness fast and should be scrapped unless proven productive and necessary. Otherwise, modern Government, while increasingly smothering society under rules, regulations, and forms, will itself be smothered in its own fat."

Mr. Speaker, the Small Business Administration has clearly outlived its usefulness. While I also question whether a guaranteed loan program remains productive and useful, there are legitimate concerns that excessive Government regulation of lending institutions has made it cost-prohibitive to lend to many legitimate small businesses. Until those regulations can be eased, a case can be made for maintaining a loan guarantee program.

The Small Business Transfer Act offers a unique opportunity to make Government more effective by expanding small business capital, reducing taxpayer risk, and giving small business an antitax and antiregulatory voice at the highest level of Government. For these reasons, Mr. Speaker, I urge my colleagues to join us in cosponsoring H.R. 2125.

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 1996

SPEECH OF

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 25, 1995

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2076) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1996, and for other purposes:

Mr. LaFALCE. Mr. Chairman, I rise in strong support of this amendment offered by Mrs. MYERS on behalf of the two of us. And I want to commend her for this initiative, although I do want to note that I would have preferred that the amendment not cut as deeply as it proposes to do. I believe a cut of almost 30 percent is more than can be accommodated without damaging the Office of Advocacy. Possibly the conferees on this bill can find another four or five hundred thousand dollars to add to the amount being added by the amendment.

Mr. Chairman, of all of the functions of the Small Business Administration, the Office of Advocacy undoubtedly helps more small businesses for less dollars than does any other office within SBA.

This is the Office whose testimony before the Congress has been requested 200 times.