

points out that taxing higher education is indeed shortsighted. Such action by Congress will make the American dream of a college education for middle-class families nothing more than a mirage that is completely out of reach for most families.

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FINANCIAL BURDEN—TAXING HIGHER
EDUCATION IS SHORTSIGHTED

(By Edward A. Malloy)

Hidden away in recent news stories was a report that the Senate's Labor and Human Resources Committee proposes to tax colleges and universities based on the total volume of guaranteed loans used by their students. If such a tax were enacted, many institutions would face yearly assessments running into hundreds of thousands, perhaps millions, of dollars. Not only would colleges and universities be burdened with yet another federally mandated fee, but we would most certainly be required to meet increased federal budget regulation for the "loan tax" program. Such an effort by the committee flies in the face of congressional rhetoric championing decreased taxation and less federal intervention in state and private matters.

Federal student loan programs exist to help students and their families afford college educations. Beyond a doubt, post-secondary education is the most significant factor in determining future income. Anything which increases the cost to students, particularly to those middle- and lower-income students who depend on student loans, will have a significant impact on their ability to start, or complete, college programs.

Students already are assessed a fee directly on their federal student loans. An additional fee on institutions of higher education, as proposed by the Senate could have several possible impacts on students—all of them harmful. Many schools simply will pass the fee along in the form of higher tuition. Others will handle the fee by reducing allocations for other priorities, such as undergraduate teaching, financial aid or student services. Students will pay, in fact, they will pay twice—once directly, once indirectly.

The impact of this double tax not only places a financial burden on students, but also in the long run promises to restrict access to higher education and to leave more young people behind as our society enters an increasingly information-based and technology-dependent age.

In developing this fee scheme, the Senate attacks precisely the people it purports to represent, middle-class families who see higher education as the best means of achieving the American dream. In a Congress which is reducing spending for education, particularly higher education, the Labor and Human Resources proposal adds insult to injury by both making loans more expensive and at the same time reducing their buying power. In the end, the student loan fee is nothing more than a tax increase on the middle class, the proceeds of which will find a tax cut for the wealthy.

We know as well that once the federal government begins assessing fees it rarely reduces or eliminates them. In fact, over time the fee most likely will increase. We also will inevitably get more regulatory requirements with the fee. Our institutions already strain under the weight of enormous reporting requirements for programs like the Federal Family Education Loan program. We spend hundreds of man-hours and significant resources meeting federal requirements. Adding a fee structure to this process will only increase this burden. This type of over-regulation forces institutions like my own to seriously consider alternatives to the existing federal programs.

The committee is seeking an easy way to meet its budget obligations by imposing a tax on the nation's higher education system. Such a tactic is more than simply misguided, it is wrong. Higher education, including students and parents, already has been targeted for more than our fair share of budget cuts. We face reduced funding for basic research, for the humanities and the arts, a proposed reduction in the interest subsidy for student loans, elimination of the federal portion of Perkins Loans as well as State Student Incentive Grants and consistent underfunding of the Pell Grant program.

I believe I can speak with confidence when I say all of higher education would oppose an institutional fee on student loans. The government simply should not be taxing universities to pay for unwanted B-2 bombers and submarines.

Higher education is one of our nation's most successful enterprises and most valuable commodities. Why would Congress seek to undermine it by placing it out of reach for more and more families? To do so would be egregiously shortsighted. American needs the richness and diversity of its system of education. We must demand that Congress treat higher education as the national resource and national treasure it is, and not as some untapped "revenue stream" to subsidize other federal spending.

RECONCILIATION PROVISIONS

HON. MATTHEW G. MARTINEZ

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. MARTINEZ. Mr. Speaker, as Will Rogers once said "All I know is what I read in the newspapers" and over the past few weeks, I have been reading about a provision that is, I am told, being wrapped into the massive reconciliation bill that is coming to the floor shortly.

Last month, after 7 hours of floor debate, this House passed H.R. 1594, the Pension Protection Act of 1995.

The purpose of that bill, we were told, was to protect America's seniors from the alleged dangers in the form of so-called economically targeted investments.

Because I have yet to be convinced that any action of Secretary of Labor Reich might have changed the rules under the Employee Retirement Income Security Act [ERISA] which require pension fund managers and trustees to act in the sole interests of the participants in pension plans, I could not support H.R. 1594.

The crocodile tears shed by the proponents of that legislation were almost legendary on this floor.

Now I read about something that should cause those same Members to shed more than tears, because, hidden in this massive tax bill is a provision that spells doom for the pensions of all Americans.

In the early 1980's, we saw corporations making use of so-called excess pension assets—those not needed to pay immediate pension benefits—for purposes that were certainly not in the interests of retirees.

It took a case like Pacific Lumber, and its cozy relationship with Executive Life, to bring out the significant dangers inherent in these activities.

As you may remember, Pacific Lumber was acquired in a leveraged buyout by another

company, and the first thing the purchasing company, Maxxam, did was to terminate the pension plan that Pacific Lumber had provided for its employees.

Because legally they could not just walk away from the current retirees, they purchased insurance from Executive Life to guarantee the retirement benefits.

Of course, Executive Life was chosen because it was the low bidder, but it was also the holder of a significant proportion of the junk bonds issued in connection with the leveraged buyout, as well as other questionable investments. Executive Life failed, as we all know, and the retirees were left holding an empty bag.

Because of abuses like that, in 1990, Congress decided to limit the uses for which any company can put so-called excess pension assets.

And we limited access to those funds solely to allow the company to fund retiree health insurance programs, and imposed an excise tax of 50 percent where the company ended the plan.

Now, I am told, the Republicans, in the name of fiscal responsibility are seeking to expand the uses to which corporations can put these funds—to any purpose they wish to make of the funds.

They can use the funds to pay themselves even more lavish salaries or perks—to acquire other companies and close other factories—putting even more workers out of jobs—or just to have a party.

Of course, they could use this excess accumulation to provide a COLA or adjust benefits for participants, but I don't think that is likely.

To the extent that a withdrawal is made—the company making the withdrawal must pay income taxes on that amount.

And the bean counters over at Ways and Means have translated this into a windfall for the Treasury of \$10 billion.

Well, based on what I have read about corporate tax liabilities over the past decade, that would be almost miraculous.

Current corporate tax rates top out at around 34 percent.

Corporations would have to draw down nearly \$40 billion to produce that kind of tax, not considering all of the other factors, such as the fact that those taxes would be offset by loss carryovers, credits, and other adjustments.

So we are looking at a potential pension grab of tens of billions of dollars—with absolutely no protection for the pensioners or those workers who continue to expect their retirement to be protected.

And, there is no provision for notice to anyone, especially the participants and beneficiaries.

And another quiet little aspect of the provision is that the amount that can be withdrawn from pensions is based on a valuation date of January 1, 1995 or earlier, while the draw-down will not take place before January 1996.

So a pension fund that was in very healthy condition in December 1994, but which had suffered financial losses, or significantly increased claims for pensions—which happens when you force workers into early retirement—could be reduced significantly overnight.

The economically targeted investments that were the subject of such dire predictions by my friends on the other side of the aisle benefit all America—through job creation, new housing, and rebuilt infrastructure.

These are investments that produce income, which accrues to the benefit of the participants.

They are made from within the plan and the investment stays with the plan.

Mr. Stark's bill would allow funds to be taken from the plan—without notice.

The sole beneficiaries of this pension grab are the corporate moguls who fund the PAC's led by the Republican leadership.

So, retirees and pensioners, hold on to your wallets—the corporate raiders—the Willie Suttons in Gucci loafers—are headed your way and they have Arme'y's army leading the charge.

This is bad tax and pension policy and should be stopped.

IMPROVING TIES BETWEEN THE UNITED STATES AND BULGARIA

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 20, 1995

Mr. LANTOS. Mr. Speaker, I rise today to call the attention of my colleagues to the progress and success that has been achieved by Bulgaria in the past 5 years, as the Government of Bulgaria has implemented a number of democratic reforms. Since that transformation, there has been considerable progress, although these times of change and instability have been difficult for many of the Bulgarian people.

The relationship between the United States and Bulgaria has improved steadily since 1990, when the authoritarian Communist government was replaced by a democratically elected government. There have been a number of concrete indications of the growing cooperation between our two countries. In early 1991 our two countries completed a bilateral trade agreement, and as a consequence of that agreement, most-favored-nation trading status was extended to Bulgaria in November 1991. Thanks to Bulgaria's progress, the House passed a bill earlier this year to grant permanent MFN trading status to Bulgaria.

Several decisions have been made recently confirming the commitment of Bulgaria toward strong bilateral cooperation with the United States. These decisions include revoking export licenses from two arms trading companies for irregularities in their trade operations. The Bulgarian Government has taken positive steps to provide restitution of property, both private and communal, to individuals of Jewish descent. In addition, the Bulgarian Parliament has taken steps to strengthen and improve export and visa regulations, and it has reaffirmed support of the United States-supported peace program for Bosnia and the former Yugoslavia.

Mr. Speaker, Bulgaria has been a source of stability in the Balkan region and this steadiness has contributed to preventing potential expansion of the crisis in the former Yugoslavia. Bulgaria has maintained its policy of noninterference in the affairs of other countries of the Balkans. With regard to humanitarian concerns, Bulgaria has been actively involved in providing humanitarian assistance and shelter to refugees from the regions of conflict.

I commend our colleagues in the Bulgarian Parliament for their efforts and their legislative

actions to ensure Bulgaria's transition to a democratic government and the full implement of market economic reforms. The dedicated members of the Bulgarian Parliament have played a critically important part in the progress, thus far, and I am sure will continue to play an essential role as this transformation continues and succeeds.

TRIBUTE TO GLORY GRADS, JAMES MADISON HIGH SCHOOL CLASS OF 1935

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 20, 1995

Mr. SCHUMER. Mr. Speaker, I rise today to pay tribute to one of the most distinguished groups of students ever to attend New York City high schools. They are members of the Class of 1935 of James Madison High School in Brooklyn who are coming from all parts of this land to mark the 60th anniversary of their commencement. The celebration will take place at the Stanley Kaplan Penthouse at Lincoln Center on November 12. The members of the class were named the "Glory Grads" by their teachers because of their outstanding achievements. The school was named after the fourth President of the United States, whose words are carved in stone above the entrance: "Education is the true foundation for civil liberty."

The Glory Grads attained the highest scholastic average in New York State that year and fielded a football team that won the city championship. "You are the cream and you will rise to the top," their grad advisor told them at graduation and they have fulfilled that prediction in a spectacular manner. Over the many years, they have achieved honors and national distinctions in the fields of medicine and surgery, engineering, mathematics, journalism, business and the arts. They were children of the Depression, who came mostly from poor families and had to struggle to get on the first rung of the ladder of achievement. But, they were inspired by family tradition to study and work hard and, therefore, to go on to self-made success.

These Glory Grads never forgot the opportunities they were given by the country to which their parents came as immigrants. They have paid their dues many times over. The great majority of the male class members served in World War II. They then made their way up in professional and business careers, became leaders in community and civic organizations and have been unusually generous in their philanthropies.

I wish to extend special congratulations and felicitations to the chairman of the reunion committee, Stanley H. Kaplan, a friend of long standing and founder of the international chain of test-prep centers that bears his name. I congratulate, too, the members of the reunion committee, including Marty Glickman, famed sportscaster and hero of the Madison gridiron and track oval; Martin Abramson, prize-winning author and war correspondent; businessmen Winn Heimer and Sidney Thomashower; and travel consultant Anita Forin Fine.

I salute "Mr. Basketball Coach," Jammy Moskowitz, a spry 92, who will be making the trip from Florida to New York to attend the re-

union. I also salute Principal Wendy Karp and Director of Alumni Relations Sonya Lerner, without whose cooperation, this "return to James Madison" would not have been as successful.

I salute the Glory Grads. May they have many years of good health, happiness, and continued friendship.

A CELEBRATION OF NORTHERN AND SOUTHERN TRADITIONAL VALUES

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 20, 1995

Mr. BROWN of California. Mr. Speaker, today, I would like to draw the attention of the Congress to an event which I am very proud of that happened this past weekend in my region of California.

At the Jerry L. Pettis Memorial Veterans' Medical Center in Loma Linda, CA, a Pow Wow was held on October 14 and 15 to honor Native Americans who have served in defense or our Nation. The Pow Wow was entitled "A Celebration of Northern and Southern Traditional Values: In Harmony with the Land."

Over 180,000 Native American men and women have served in the U.S. Armed Forces since World War I, defending our Nation with honor. Some of these men and women were in Loma Linda this past weekend.

Mr. Speaker, two weeks ago in Washington, a special joint session of the House and Senate was held to commemorate the 50th anniversary of the end of World War II. I am particularly honored to mention that in Loma Linda were several of the famous Navajo code talkers who are widely credited with helping to win the war in the Pacific during World War II. I feel strongly that theirs is a story that needs to be told more broadly so that all Americans—young and old—are thoroughly familiar with one of the many important contributions that Native Americans have made to the continuing freedom and evolution of our Nation. I, for one, am very proud to know that these honored veterans and other Native Americans gathered and celebrated in the Inland Empire region of California this past weekend.

I hope all Members of Congress will join me in congratulating all participants in the October 14 and 15 Loma Linda, CA, Native American Pow Wow.

IN MEMORIAM: ADITYA VIKRAM BIRLA

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 20, 1995

Mr. ACKERMAN. Mr. Speaker, I call to the attention of my colleagues the obituary of Aditya Birla, which appeared in the October 3 edition of the New York Times. Aditya Birla, the chairman of the Birla Group, one of India's largest industrial conglomerates, died on October 1 in Baltimore. His death at the young age of 51 was a tragedy because it cut short a prolific life of entrepreneurship and leadership.

Mr. Speaker, Aditya Birla was one of the foremost advocates of expanding Indian economic activity abroad and opening India's vast