In Massachusetts last winter, 42,000 out of the State's 137,000 LIHEAP households were elderly; 30,000 of the households also received supplementary security income; 32,000 of the households were working-poor; 69,000 of the households received food stamps; 50,000 of the households received Social Security; and 45,000 of the households received Aid to Families with Dependent Children.

Cold weather does not play partisan politics. When the temperature drops, it affects all people—Democrats and Republicans, Northerners and Southerners alike. It does not discriminate—it is an equal opportunity discomfort.

Mr. President, if we have an opportunity for the continuing resolution this afternoon, I know that Senator WELLSTONE will offer an amendment to permit the expenditure of vitally needed funds to be available to those 6 million Americans who today are in very difficult, dire circumstances because of the cold snap. If it is not, I join with those who urge the President to use his Executive powers to be able to move ahead with front end funding of those funds in an orderly way. Clearly, the overwhelming sense of the Members of this body and of the House of Representatives is that of supporting getting these scarce resources out to the public. It will make absolutely no sense because of a technicality to restrict the flow of these funds over a 12-month period when the greatest need is now during the wintertime and where it has been the wintertime since the establishment of this program, but because of a technical glitch we find ourselves under these circumstances. This circumstance cries out for action.

So, Mr. President, I know I speak for all the families in Massachusetts that are dependent upon LIHEAP. They are facing a critical situation. We cannot let this situation continue to go without action here in the House of Representatives and the Senate. We have serious business obviously in terms of the budget and the budget positions in terms of preserving Medicare and Medicaid and education and environmental issues, but this is an emergency situation that cries out for action. Whatever we are going to do on the budget will not be affected if we move ahead with advance funding to take care of the emergency needs of our elderly. It will not be affected. So we have to take this action, and we welcome the bipartisan support that we have received here. It has been bipartisan in the Senate. It has been bipartisan in the House. And I am pleased that the President has indicated his strong support for getting this problem resolved.

STUDENT LOAN PROGRAMS

Mr. KENNEDY. Mr. President, just briefly on another subject but a very important one, I address the Senate on the issue of the Republican budget and the student loan programs which are so important to the sons and daughters of working families in this country. There is a wide divergence in priorities between the two parties on the direct loan program as well as on other education issues.

The Republican budget bill has always been bad news for students, and bad news for the deficit. Now, according to estimates just released by the Congressional Budget Office, the deficit news is $1.1 billion worse.

Under the revised estimates, the negative budget impact of the Republican student loan provisions has more than doubled—from $900 million to $2 billion in additions to the deficit if the Republicans persist in their misguided scheme to dismantle the highly successful ''direct loan'' program for college students.

The bill vetoed by the President last week would have limited the direct loan program to 10 percent of all loans, and earmarked 90 percent of student loans for banks and other middlemen.

Mr. President, what we had done in recent years was to develop a direct loan program and permitted the guaranteed student loan program to go into effect. The total volume of direct loans is about 40 percent of all the student loans; 1,350 colleges and universities are participating in direct lending, accounting for 40 percent of loan volume. Under the Republican compromise, it will be reduced to 10 percent.

We made efforts on the floor of the Senate to let the schools in Montana and throughout this country make their own judgments whether they wanted to go to the direct loan program or go to the guaranteed loan program. Not one college or university in this country selected to go from direct loan programs to guaranteed loan programs. Not one. It is a success with the students and with the administrators.

The Republican provision is among the most notorious and objectionable special interest giveaways in the entire Republican budget plan. Its obvious motive is to divert billions of dollars in new business and higher profits to the banks and guaranty agencies in the guaranteed student loan program.

According to CBO, if direct lending is limited to 10 percent of loans, the banks and guaranty agencies would gain $103 billion in additional business over the next 7 years, and an estimated $6 billion in higher profits.

This arbitrary Republican ceiling on the direct loan program would force 2 million students and 1250 colleges out of direct lending and back into the bureaucratic maze of the guaranteed student loan program. Republicans are asking Congress to swallow this blatant special interest giveaway in the name of deficit reduction. But as the CBO's latest estimate makes plainer than ever, there is no deficit reduction, and the addition to the deficit is greater than ever.

This problem began when the Republican budget adopted last May contained a biased requirement for estimating the cost of direct student loans. The requirement was designed to make loans to students by banks under the guaranteed loan program appear cheaper than loans issued directly to students by the Federal Government. According to CBO's new estimate, the use of this biased procedure will add $6.5 billion to the deficit over the next 7 years. Other student loan provisions in the Republican budget save $4.5 billion over the same period, according to CBO's most recent calculations. Thus the net effect of the Republican student loan provisions is to add $2 billion to the deficit.

Under the previous CBO estimate, the biased budget rule added $5.8 billion to the deficit, and was offset by $4.9 billion in savings, for a net addition to the deficit of $900 million. Clearly, Republican deficit concerns go out the window when corporate welfare like this is at stake.

Republicans would like us to believe that their attack on direct lending is designed to eliminate Government bureaucracy and stimulate the private sector. But the guaranteed student loan program is hardly a monument to corporate efficiency and free enterprise. It is a bloated bureaucracy consisting of 7,000 lenders, 41 guaranty agencies, and 25 secondary markets who employ more than 5,000 people. That is 25 percent more than the entire U.S. Department of Education and 10 times more than the number of employees who actually administer the direct lending program.

In the private sector, companies take risks in the hope of making profits. But there's no risk in the guaranteed student loan program. It's all gravy. It's all corporate welfare. The banks and guaranty agencies reap all the profits and take none of the risks, because Uncle Sam is guaranteeing payment of the loans. It's not free enterprise at all. It's a Government-sheltered industry that's grown up like Topsy under the umbrella of Uncle Sam.

William Niskanen, who is now president of the Cato Institute, and was formerly a member of the Council of Economic Advisers under President Reagan, put it this way:

> These guaranteed loans are a sweet deal for the banks; unless they choose to collect on the loans, the banks provide no services other than to make a loan guaranteed by the federal government at a substantial premium above the rate if they made the same loan to the government. Moreover, because lenders have little incentive to be diligent collectors of guaranteed loans, the government has set up a complex and costly system of nonprofit guaranty agencies to manage these loans.

Larry Lindsay, a member of the Federal Reserve Board appointed by President Bush, put it even more bluntly: ''As long as it is necessary to provide a profit to induce lenders to guarantee student loans, direct lending will be cheaper.''

The cost-effectiveness of direct lending was confirmed just this week in a study by the audit committee of the

Colorado Legislature. At the University of Colorado at Boulder and Colorado State University, the implementation of direct lending saved the universities $192,000 and $133,000, respectively, in a single academic year.

Direct lending also works better for students and colleges than the guaranteed loan system. According to colleges participating in direct lending, it provides excellent service. The application is simpler and the disbursing process is more prompt. Students spend less time filling out paperwork and waiting in lines. Loan funds get to students more quickly.

In 1993, when the University of Colorado at Boulder was using the old guaranteed loan program, only 3,000 checks were available to students by the first day of class. This year, under direct lending, 6,600 checks were ready for students to buy needed books and supplies. One student called it ''the best thing since microwave brownies.''

Colleges and universities across the country share this view. In a survey by the Education Daily, more than 90 percent of participating colleges and universities called direct lending ''excellent.''

Direct lending has also created more flexible repayment terms. It gives students the option of paying their loan back as a percentage of their income. When graduates are starting a family, working in their first job, starting a business, or going into public service work, they can make smaller payments.

Our Republican colleagues claim that their budget bill would extend flexible repayment terms to students in the guaranteed loan program. But under the Republican plan, the availability of flexible repayment options, such as income-contingent repayment, would depend on whether a particular guaranteed loan holder chooses to offer it.

Ask colleges and universities what they think. They're outraged at being forced out of one of the most successful reforms in the history of Federal aid to education. Some colleges and universities across the country have written urging Congress to reject this arbitrary limit on their ability to choose the loan program that best serves their students.

Over a hundred of the colleges that signed the letter are not in direct lending. But they too recognize its benefit for their students. As they put it:

> Those of us who represent institutions that are satisfied with the guaranteed student loan program also support the continued availability of the direct loan program to institutions. The competition created by direct lending has induced banks and guarantors to improve the efficiency of their delivery process, and has, for the first time, provided the student loan industry with market-based incentives to provide better service. The guaranteed student loan system has improved more since the phase-in of direct lending two years ago than it did over the more than two decades of existence prior to 1993.

The message doesn't get much clearer. Colleges and universities across the country are unanimous. The student loan system needs more competition, not less. With direct lending, both of loan programs have been working more efficiently because of the competition. What we saying is let competition rule. Let colleges and universities make the judgment themselves, not have that dictated from Washington.

What are our Republican friends afraid of? Why not let the two systems compete fair and square? Let the marketplace pick the winner, not Congress.

It is hard to find a more vivid or disgraceful example of the prostitution of Republican principles. When a special interest's Government-guaranteed profits are at stake, Republicans are more than willing to sell out free-market competition, and continue the heavy hand of a Government-guaranteed monopoly.

It's obvious what's happening here. Direct lending is taking colleges and universities by storm. It's one of the best new ideas in higher education in years. It's good for colleges and good for students, and it saves Federal dollars.

Direct lending has already established its solid appeal to the country. It's already captured 40 percent of the market in 2 short years.

So the guaranteed loan industry has mounted a desperate last-ditch lobbying campaign to persuade Congress to roll back direct lending.

Republicans should scrap their cynical attack on direct lending. They should let competition work. They should allow colleges and universities to choose the kind of loan program they want. And if they do, they'll find $2 billion more to put into deficit reduction at this stage of our balanced budget negotiation.

CBO has finally come out on this issue and found that this will be more costly to the Federal taxpayers, something that we have known for some period of time, and they have come out with that report at the present time. That, I think, gives the administration strong arguments to stand by their position to give choice to the States and the colleges and universities on which way they want to go, direct loans or guaranteed loan program.

We hear so much rhetoric, do not let Washington dictate what is good back home in Montana or Massachusetts.

If there is ever an example of that, Mr. President, it is permitting the colleges and universities in our 50 States to make their own judgments which direction to go in, what we do now. When they go to the direct loan, it saves the overall taxpayers billions of dollars. That has been reaffirmed once again this afternoon with the Congressional Budget Office review of these figures and statistics which are the best evidence.

I thank my friend and colleague from Virginia for permitting me the opportunity to address the Senate.

Mr. DOLE. Mr. President, what is the pending business?

THE CONTINUING RESOLUTION

The PRESIDING OFFICER. The Senate is in morning business.

Mr. DOLE. Mr. President, let me indicate that we have had very little success in the first, what we thought would be a serious negotiation on the budget. Apparently they were not serious. The offer by the President was filled with smoke and mirrors. I said earlier we might not be around here this weekend. Now I think there is a great likelihood we will be in session tomorrow and maybe unavoidably on Sunday.

The House will probably send us a continuing resolution with some attachment. I am not certain quite what that would be. Maybe welfare reform. And that might take some debate, unless we get consent that everything passes by voice vote. So I need to alert my colleagues not to get too far away. And I will keep my colleagues informed as soon as I have further information.

But it appears that there is not much prospect, not much reason to continue trying to negotiate with the White House when they do not want to really get serious about balancing the budget over the 7 years without falling back on the old smoke and mirrors and things that we thought maybe had changed.

I think our next step would be to try to negotiate with some of our Democratic colleagues who are concerned about the budget and welfare reform and saving Medicare and tax cuts for families with children. And that will be pursued later this afternoon.

So I can only say that we will be here some time yet today, and depending on when the House acts on the CR, probably tomorrow. But I will try to give my colleagues the specific times. And maybe some may not come in until afternoon depending again on how the House acts. I cannot give anybody more specificity, but as soon as I have information I will come to the floor and make an announcement.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1996—CONFERENCE REPORT

MOTION TO PROCEED

Mr. DOLE. I now move that the Chair lay before the Senate the conference report to accompany H.R. 1530, the Department of Defense authorization bill.

Mr. LEAHY. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from North Carolina [Mr. FAIRCLOTH], the Senator from Tennessee [Mr. FRIST], the Senator from Texas [Mr. GRAMM], the Senator from