union's right to hire anyone it deems qualified to perform the audit. This seems odd—after all, who is going to be a better judge of who is qualified? A credit union supervisory board made up of volunteers who may or may not have any background in financial statements or the State accountancy boards?

Frankly, Mr. Speaker, I was a bit surprised to learn that the act lacks clear objectives and standards for audits and external auditors. The safety and soundness of untold numbers of credit unions—and therefore their insurance—could be jeopardized if credit union management and regulators do not have a reliable financial picture. Section 115 of the act says only that each Federal credit union's supervisory committee shall make or cause to be made an annual audit. NCUA rules require—in substance, though not in form—an audit of financial statements. But what does not make sense is that the audit does not have to be based on professional auditing standards followed by independent professional auditors.

This makes no sense. I believe that such an audit should be performed only by independent licensed professional public accountants as virtually every State accountancy statute requires. Audits are important to ensure that financial data used by a credit union's members and by Federal and State regulators are reliable as well as to identify potential control weaknesses. But the audit loses its effectiveness when not performed according to the rigors of professional standards by persons who have had to demonstrate their competence and independence in auditing.

Allowing nonlicensed individuals to perform audits poses a direct threat to the public interest by legitimizing work that is inadequate, lacks uniformity, and is void of definitive standards.

Mr. Speaker, I am not alone in believing this. When talking to credit union managers, I was told that many credit unions already have audits performed by licensed professionals. When asked why, the purpose was clear: fiduciary reasons. The supervisory committees have an obligation to their depositors to ensure that the credit union is properly audited since an audit can pick up things that even the most thorough NCUA examination would not. But credit union managers are not alone in their thoughts. The GAO also recommended that credit unions above a minimum size should be required to obtain annual independent certified public accountant audits and to make annual management reports in internal controls and compliance with laws and regulations in a 1991 report. In 1993, the NCUA itself proposed requiring credit unions with more than $50 million in assets to obtain annual independent audits of their financial statements. The NCUA not only cited the 1991 GAO report, but it also said that the requirement was necessary due to the increasing complexity of credit unions' financial statements. This proposal was modified into today's form due to pressure from the industry.

In response to my request for comment on this bill, the NCUA gave several reasons, none satisfactory in my opinion, why unlicensed people should be allowed to perform audits outside of GAAP standards. Among them, it was pointed out that the NCUA would like to preserve the occasional GAAP/RAP differences. RAP standards proved ineffective long ago, most notably in the savings and loan failures. Elimination of RAP standards alone may be a good enough argument for this bill.

The bottom line, Mr. Speaker, is that we cannot allow nonlicensed persons to do external auditing at insured credit unions. After all, what's the point if they do not provide the reliability that one performed by a licensed individual? There is no good reason why we should not ensure that credit union audits are as reliable as possible. I urge my colleagues to support this legislation.

RECOGNIZING IMPORTANT CONTRIBUTIONS MADE BY AMERICANS OF AUSTRIAN HERITAGE

SPEECH OF

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 24, 1997

Mr. GILMAN. Mr. Speaker, I want to commend the gentleman from Nebraska [Mr. BEREUTER] for introducing this resolution which pays fitting tribute to our many outstanding citizens who take pride in their Austrian heritage. In order to highlight the very close ties between Austria and this country, Austrian President Dr. Thomas Klestil has taken an initiative through the Austrian-American community to observe Austrian-American Day on September 26, 1997. This is an initiative which I believe we can all support.

This resolution reminds us that we should be thankful for the many contributions made to this country by such great Americans as Joseph Pulitzer, Felix Frankfurter, Arthur Burns, Billy Wilder, and Arnold Schwarzenegger all of whom are of Austrian descent. I should add to this list our distinguished colleague DOUG BEREUTER whose forebears also hailed from Austria.

I urge my colleagues, by way of acknowledging their contributions to America, and offering our thanks and congratulations to our friends and fellow citizens of Austrian heritage, to adopt this measure.

THE PROSTATE CANCER RESEARCH STAMP ACT

HON. SHERROD BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 25, 1997

Mr. BROWN of Ohio. Mr. Speaker, today, I am proud to introduce the Prostate Cancer Research Stamp Act. This legislation would authorize a special first class stamp to be priced at up to 8 cents above the cost of normal first-class postage. The additional money from this voluntary purchase would be earmarked for prostate cancer research.

Earlier this year, 422 Members of the House voted for similar legislation to increase funding for breast cancer research by allowing Americans to voluntarily purchase specially issued U.S. postal stamps. My legislation would extend this effort to helping the hundreds of thousands of men who suffer from prostate cancer.

More than 334,000 American men will be diagnosed with prostate cancer in 1997, making it the most commonly diagnosed form of cancer in the United States. More than 41,000 men will die from the disease this year. Despite these staggering statistics, prostate cancer has received a fraction of the resources dedicated to other forms of cancer. The Prostate Cancer Research Stamp Act would support research into the prevention, detection, and early diagnosis of this deadly disease. I hope you will join me in this effort.

TRIBUTE TO FRANK HOLMGREN

HON. MICHAEL PAPPAS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 25, 1997

Mr. PAPPAS. Mr. Speaker, fifty-five years ago, we were engaged in a terrible conflict that cost over 250,000 American lives. The service and dedication of our Nation's World War II service men and women laid the cornerstones to the greatness our Nation experiences today.

Today, I would like to call attention to one of the heroic Americans who fought in this war. On Friday, September 26, 1997, the Eatontown Elks Lodge No. 2402 will be holding a testimonial dinner honoring Frank Holmgren at Gibbs Hall at Fort Monmouth, NJ. Mr. Holmgren, retired from the U.S. Navy, is one of two surviving crew members of the U.S.S. *Juneau*, a light cruiser that played an integral part in the war.

The U.S.S. *Juneau* was commissioned on February 14, 1942, under the command of Capt. Lyman K. Swanson. After a valiant effort at the Battle of Santa Cruz, the ship and Mr. Holmgren were then sent to protect transports and cargo vessels at Guadalcanal. After being struck by a torpedo to the port side by enemy aircraft, the U.S.S. *Juneau* and her crew continued to fight enemy planes and Japanese ships at close range. At 1100 hours, November 13, 1942, three torpedoes were fired from a Japanese submarine toward the U.S.S. *Juneau*. She managed to avoid the first two, but the third struck the hull in the same place the first one from the plane did. The U.S.S. *Juneau*, in a terrible explosion, broke in two and sank within 20 seconds. Of 700 heroic crew members, only 10 survived, and 1 of those was Frank Holmgren. I stand here today to honor Frank Holmgren, as well as those who did not escape the U.S.S. *Juneau*, for their unselfish, dauntless courage under fire, for which we are forever grateful.

Mr. Speaker, it is sailors of the U.S.S. *Juneau* and specifically men like Mr. Holmgren that epitomize the endurance and perseverance of the American people. We must never forget the valiant efforts of our wartime veterans and those who have made the supreme sacrifice. Our Nation owes these veterans the greatest degree of gratitude. It is my great privilege to acknowledge Mr. Holmgren and the great service he has made to our country.

CONGRATULATIONS ON THE 77TH ANNIVERSARY OF THE DELAWARE VOLUNTEER FIREMEN'S ASSOCIATION

HON. MICHAEL N. CASTLE

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 25, 1997

Mr. CASTLE. Mr. Speaker, I rise today to pay tribute to the fine work of an outstanding,

dedicated, and caring group of Delawareans: The Delaware Volunteer Fireman's Association. For myself, and on behalf of the citizens of the First State, I would like to thank them for their tireless service.

This weekend in Rehoboth Beach, firefighters from all across Delaware will gather and celebrate their 77 years of outstanding leadership and unselfish devotion to their communities and State. These dedicated men and women train in preventing and fighting fires and perform emergency medical services for our citizens. It is because of this training and commitment that Delaware's volunteer fire and emergency medical services are ranked as one of the best in the country. This type of commitment to public service is uncommon among individuals.

I commend these volunteers for their exemplary record of public and community assistance. They are truly a model for all of us who serve in public life. Their commitment to the cause of volunteer firefighters will find a permanent place in the Delaware volunteer fire service history. As the Delaware Volunteer Fireman's Association and Ladies Auxiliary gather to celebrate its 77th anniversary of leadership and service, I hope they will realize how deeply their efforts are appreciated

IN SUPPORT OF THE EMERGENCY STUDENT LOAN CONSOLIDATION ACT OF 1997

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 25, 1997

Mr. GOODLING. Mr. Speaker, I rise today in strong support of the Emergency Student Loan Consolidation Act of 1997. I appreciate the leadership efforts of our colleague from California, Mr. MCKEON, in moving this vital legislation forward. I would also like to recognize the efforts of our colleague from Ohio on this issue, Mr. BOEHNER.

As my committee moves forward with updating and improving the Higher Education Act, our goals are: Making higher education more affordable, simplifying the student aid system, and stressing academic quality.

Today, we are faced with a crisis in the consolidation of direct student loans. Unfortunately, it dramatically points out the difficulties we will face as we try to move our system of financial aid into the 21st century.

For direct loan borrowers, the situation is bleak. Earlier this year, students wishing to consolidate these loans submitted applications only to face lengthy delays in processing. Now students wishing to consolidate these loans are told not to bother, as the Department has shut down the entire processing system.

The Department claims that this action was taken to ensure that its current consolidation customers would receive proper service. However, the Department's direct loan consolidation contractor is currently facing a backlog of 84,000 applications, and as we heard in testimony on the direct loan consolidation process last week, a process which should take 8 to 12 weeks to complete is actually taking 8 to 12 months.

I want to take a moment to look at this. There seems to be a disconnect between the Department's evaluation of their performance and the customer's view of the Department's service. Last week we went back and reviewed the statements made by the Department before Mr. MCKEON'S subcommittee in hearings on the Higher Education Act. The Department referred to itself as the Microsoft and Citibank of higher education. Dr. Longanecker said ''the Direct Loan Program provides a simpler, more automated, and more accountable system to borrowers * * * students have witnessed the development of a level of customer service not previously experienced in financial aid delivery.'' Well, at least one student who testified at our recent hearing described the Department's customer service as ''beset by chronic mistakes which range from incompetence to malfeasance.''

I've also noticed that there appears to be a good deal of time spent finger pointing by the Department. They seem to be looking for others to blame. Blame was being placed by the Department with students and bankers for the problems with loan consolidation. ''A delay by any of these parties in submitting information required for consolidation or erroneous, incomplete, or late information from any one of these parties results in additional time needed to complete the consolidation,'' was one response received from the Department.

Such information problems do not stop those in the private sector. Many banks and Sallie Mae experience these problems as well, yet their financial services and systems expertise allows them to process loan consolidations in a timely fashion. The Department stated three major problems which have caused a huge backlog of consolidation loans: Inherent complexity of student loan consolidation; Higher volume than anticipated; and Transition from one contractor to another.

I agree that the inherent complexity of the student loan program and running a financial program larger than Citibank is tremendously difficult. I have been repeatedly pointing this out since 1991 when direct lending first came under consideration, and it's been my greatest concern with the Federal Government taking on such a huge task, particularly when there are private organizations already doing the job.

For example, I vividly recall pointing out these concerns to my colleagues on the floor of the House in May 1993, as we considered a move to abandon the guaranteed loan program as part of the 1993 budget reconciliation bill. In my floor statement at that time I said:

> I have serious doubts over whether or not the Department of Education can efficiently manage this program. If they fail to run it properly, and all of the evidence suggests the Department will not suddenly develop the administrative finesse that they have lacked for so long, it will be students and schools that will suffer.

Incidentally, while I've been critical of direct lending, I may have given the Department too much credit. I have always felt that it would be easy for the Department to give money out. However, I've been worried that it would be difficult to collect it. Now it appears that giving the money out is proving to be tremendously difficult where consolidation loans are concerned.

Second, it's too late to complain about higher volume than anticipated. The Department from day one has been actively promoting the benefits of direct loan consolidation. They should have anticipated high volume and been able to handle such volume, or they should have refrained from the marketing blitz they conducted.

Last, the transition from one contractor to another is a poor excuse. At the time of the transfer one year ago, the new contractor should have been required to provide its ability to manage the consolidation program before ever receiving the monetary benefits of a Federal contract.

On September 11 there was an article in Education daily related to this problem which I found revealing. It is entitled, ''Student Loan Checks Really Are in the Mail.'' It describes some of the problems the Department has created for the lending community. In this case, Southwest Student Services Corp. received 4,300 loan payoff checks from the Department of Education on one day. Most disturbing is that each check was sent in a single envelop—and some of the checks were reportedly as small as 7 cents. In these cases, the cost of issuing and mailing a check must exceed the value of the check by 5 or 600 percent.

Additionally, I would note a letter from the Student Loan Fund of Idaho Marketing Association. They received 41 checks from the Department. Of that number, only five were accurate payoff amounts. That's an error rate of over 88 percent. Clearly performance is not at a level that is even minimally acceptable. This presents some very major concerns. With the Department sending out tens of thousands of checks, how can we tolerate error rates that are as high as almost 90 percent? How can this program be audited by the Inspector General?

The Inspector General's testimony last week makes clear that most of the fault for the delays and the problems with the financial accuracy of the Department's payment transactions lies with a misplaced reliance on technology. Misplaced confidence seems to pervade the Department's contracting for student aid delivery systems. We need only remember the electronic imaging debacle of 2 years ago when the Department contracted for electronic imaging of the FAFSA. The mistakes made with that contract caused more than 1 million students to be delayed in making their college decisions.

Mr. Speaker, the Department of Education is clearly undergoing a severe crisis in management. These problems are hurting students, former students, and parents. Later in this Congress, the Gentleman from California, Mr. MCKEON and I will undertake a concerted effort to fix those problems. However, in the near term it is absolutely essential that we allow student loan borrowers with direct loans to consolidate those loans and reduce their monthly payments.

The legislation we are introducing today will allow that, and it will accomplish it without any increased costs to the borrower. It will: Allow borrowers with direct loans to consolidate them immediately, rather than having to wait months for the Department and its contractor to sort out their difficulties; Allow students to retain their interest subsidy benefits on all subsidized loans included in the consolidation loan as is currently allowed in the direct loan program but not the FFEL Program; and provide students with the interest rate currently applicable to direct consolidation loans—T-bill+3.1 percent capped at 8.25 percent—the FFEL rate is the weighted average of the