

ADDITIONAL COSPONSOR—S. 1173

Mr. BYRD. Mr. President, I ask unanimous consent that the name of Mr. DASCHLE be added as a cosponsor to amendment No. 1397, the Byrd-Gramm-Baucus-Warner amendment to S. 1173, the ISTEPA reauthorization bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EMERGENCY STUDENT LOAN CONSOLIDATION ACT OF 1997

Mr. JEFFORDS. Mr. President, I want to bring to the attention of my colleagues an important matter, which I hope can receive consideration before we leave this fall.

Last week, the Senate Committee on Labor and Human Resources unanimously reported out a bill, S. 1294, the Emergency Student Loan Consolidation Act of 1997. This measure is a modest, but extremely important, effort designed to assist students attempting to finance their higher education.

The measure enjoys broad bipartisan support. The House companion bill, H.R. 2335, was approved by a vote of 43 to 0 by the House Committee on Education and the Workforce. This measure, with language identical to S. 1294, as reported by the Labor Committee, was subsequently approved by the full House under suspension by voice vote. It has also been endorsed by national associations representing students and institutions of higher education.

I ask unanimous consent that a letter from Dr. Stanley O. Ikenberry, president of the American Council on Education, be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.
(See exhibit 1.)

Mr. JEFFORDS. Mr. President, the House measure is now being held at the desk and is available for immediate action by the Senate. It has been cleared on the Republican side of the aisle. Unfortunately, due to objections from the other side of the aisle, we are unable to consider it.

I want to take this opportunity to discuss the provisions of this legislation and the need to move expeditiously on it. This legislation does two things:

First, it permits individuals to consolidate all their student loans—both Federal Direct Loan Program [FDLP] loans and Federal Family Education Loan Program [FFELP] loans—into a FFELP consolidation loan. Under cur-

rent law, students who have both direct and guaranteed loans may only consolidate them into an FDLP consolidation loan administered by the Department of Education.

The problem is that FDLP consolidation is not an option right now. Since August 26, the Department has suspended its consolidation program in an effort to deal with the backlog of 84,000 applications which had piled up prior to that time.

Second, it assures that students and their parents will enjoy the full benefits of the educational tax credits contained within the Taxpayer Relief Act of 1997 by excluding these tax credits from consideration when student financial need is being assessed.

Let me talk for a moment about why it is important to offer a loan consolidation option to those students who, right now, have nowhere to turn. The student loan consolidation program allows students to consolidate multiple student loans into a single loan that has several repayment options. The benefits of consolidation include the convenience of making a single monthly loan payment. In addition, the repayment options can reduce monthly payments. For many young families, these loans reduce their monthly payments enough to allow them to qualify for a mortgage for their first home.

In my view, we need to make every possible effort to assure that consolidation is a benefit to students—not just another obstacle course. A New York Times article about the series of problems which has plagued the FDLP consolidation program operated by the Department of Education under contract with Electronic Data Systems Corp. brings to life the individuals whom this legislation is trying to help.

Consider the following account regarding Shannan Elmore:

It seemed like a simple enough thing to do: consolidate 10 different Government-sponsored college loans due over 10 years into one jumbo loan payable over 25, slashing the monthly payment to \$350 from \$448. That was one of the last things standing between Shannan Elmore and mortgage approval for the house—the one whose concrete foundation her husband had proposed in front of—that she wanted to build near Boulder, CO. But Mrs. Elmore, a 30-year-old chemist who graduated in May 1996 with a master's degree and \$43,000 of debt, said it took eight months for the Electronic Data Systems Corporation to do the paperwork—far too long to satisfy the mortgage lender. During those months, Mrs. Elmore said, she called frequently only to be put on hold—for as long as 45 minutes—and received one promissory note missing the very page her lender needed to see. She said she was still trying to clear up a loan that E.D.S. thinks it paid off twice and for which it is double-billing her. The Elmores eventually qualified for a mortgage, but for a different house.

Mr. President, I ask unanimous consent that the full text of the article, which appeared in the New York Times on October 1, 1997, appear in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. JEFFORDS. Mr. President, Department of Education officials have been working diligently to resolve the problems with the consolidation program and have indicated that it will reopen by December 1. I believe we would all welcome seeing the program back on its feet. In the meantime, we need to give students another option right now.

We also need to help alleviate the pressure on the direct consolidation loan program which will inevitably occur when it reopens—only to face the pent-up demand built up over a 3-month period. Prior to the shutdown, applications were running approximately 12,000 per month.

This legislation is intended to provide immediate relief to students and is designed specifically for that purpose. It modifies the current FFELP consolidation program to assure that loan subsidies are maintained, to provide for the same interest rate in effect for FDLP consolidation loans, and to protect borrowers against discrimination.

The bill does not, nor is it intended to, address every issue which has been raised with respect to the loan consolidation provisions of the Higher Education Act. In anticipation that these issues would be fully debated and addressed in next year's reauthorization of the act, the consolidation provisions of this legislation will expire on October 1, 1998.

Finally, this legislation also includes important provisions dealing with the calculation of student aid under the Higher Education Act.

The Taxpayer Relief Act of 1997 contained two educational tax credits designed to help students and their families pay for the rising cost of higher education. Under current law, the need analysis formula will consider students and their parents who receive the tax credit as having greater resources to pay for college, thereby reducing their eligibility for student financial aid. As a result, students and their families will find their financial aid reduced and that the amount they expended for higher education remained relatively unchanged by the educational tax credits.

If the change in the need analysis formula included in this legislation is not made, approximately 69,000 individuals will lose an estimated \$120 million in student financial aid.

I do not believe that this needed relief for students should be further delayed, and I urge my colleagues to withdraw their objections so we can get this measure to the President.

Mr. President, I want to just please urge those who are opposing the consideration of this bill to at least take the time to fully understand the ramifications of their failure to allow this bill to come up. I am sure that when they do so, they will recognize that this is not something which should be left undone before we leave here this fall.