

SENIOR CITIZENS' FREEDOM TO  
WORK ACT OF 1999

SPEECH OF

**HON. WILLIAM J. COYNE**

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, March 1, 2000*

Mr. COYNE. Mr. Speaker, I rise today in support of this important legislation.

This legislation will repeal the Social Security earnings test for seniors between the ages of 65 and 69. It will benefit hundreds of thousands of senior citizens.

In 1995, Congress enacted legislation with my support to increase the Social Security earnings test from \$11,280 to \$30,000 over seven years. Given the budget constraints at the time, that was the best we could do. But that action indicated that Congress realized that the earnings test, which was a useful policy when it was enacted, did not reflect the changes which had taken place in the senior population and the workforce in the subsequent years.

Encouraging people to retire at age 65 made sense in the 1930s, when unemployment was at unprecedented levels—and in the 1970s, when once again we were faced with persistent high levels of unemployment. But under ordinary circumstances, the federal government shouldn't encourage people to give up their jobs when they reach a certain age—especially today, when our country needs to take advantage of the skills and experience that many older Americans possess. Senior citizens who choose to continue working should be allowed to do so without being penalized. Consequently, I am pleased to support this landmark legislation.

INTRODUCTION OF THE SCHOOL  
SAFETY ACT

**HON. JENNIFER DUNN**

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 2, 2000*

Ms. DUNN. Mr. Speaker, as Co-Chair of the Bipartisan Working Group on Youth Violence last fall, I heard numerous witnesses from law enforcement and the education field testify about the importance of School Resource Officers. Despite public perception, schools remain one of the safest places for children to be. Nevertheless, we must continue to make violence, and the perception of violence, rare in schools, and School Resource Officers are an integral part of this effort.

For this reason, I am introducing the School Safety Act. Under current law, there is a 20% cap on the amount of federal funds that a state may spend on School Resource Officers from the federal Safe and Drug Free Schools and Communities Act. The School Safety Act eliminates this cap so schools will have the flexibility to spend more of their Safe and Drug Free federal funds on a school resource officer, if they choose, in order to provide greater security for their schools.

One adult can make a difference in a child's life by taking an interest and nurturing him or her. While there are many people working at schools today who can be a positive influence, School Resource Officers also play a crucial

role. Students with behavioral disorders account for a majority of problems encountered in schools today, and these officers are needed, not only to identify these students, but to work on developmental skills and relationship building. By being a positive role model and working to instill values in troubled students, School Resource Officers often stop problems before they have a chance to start.

Additionally, these officers can provide consultation with parents and teachers about student behavior and emotional difficulties, and provide parents with greater peace of mind about the care and safety of their children at school. Schools need to be safe places where students can learn, free of intimidation and fear. School Resource Officers are an important part of any school safety plan, and every effort must be made on the federal level to allow schools to choose whether their school safety plan will include this officer.

I invite you to join with me in this effort and cosponsor and support this simple yet important legislation.

SENIOR CITIZENS' FREEDOM TO  
WORK ACT OF 1999

SPEECH OF

**HON. PHILIP M. CRANE**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, March 1, 2000*

Mr. CRANE. Mr. Speaker, I rise to pledge my avowed support for H.R. 5—to eliminate the Social Security Earnings Test for seniors who are 65 to 70 years old and continue to work. It is time that we strike down this ridiculous and costly "earnings test." Indeed, there are many Americans who are 65 to 70 years of age who continue to work—and who are entitled to that all-American right to maintain a solid and secure living. Why should the federal government "penalize" those well-intentioned individuals by applying an "earnings test" and reducing or delaying their Social Security benefits?

Today, with unemployment at an all-time low, it no longer makes sense to subject seniors to an "earnings test." When used, the "earnings test" has not only reduced Social Security benefits of retirees who continue working but affected the wives and children of beneficiaries as well. Because of the Great Depression, Congress originally created the "earnings test" in 1935 to encourage older Americans to leave the labor force. But things have changed. Older Americans are now making greater and more significant contributions to the workforce than ever before. My district alone has some 42,000 seniors—many whom still make valid contributions to today's workforce.

Mr. Speaker, repealing the "earnings test" for seniors aged 65 to 70 is the first step towards reforming the Social Security system. By eliminating this age-discriminatory "earnings test" we will increase benefit outlays to those seniors to just over \$22-and-a-half billion dollars over the next 10 years. In fact, administration of the "earnings test" tacks an added cost of as much as \$100 to \$150 million on to the taxpayers' bill. Repeal of the test could eliminate that cost. Mr. Speaker, we must effectively help seniors, reduce costs, and reform the system—that is why I give my

full support to H.R. 5. and urge my colleagues to do so.

CIBA SPECIAL CHEMICALS  
CORPORATION DUTY SUSPENSION

**HON. BENJAMIN A. GILMAN**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 2, 2000*

Mr. GILMAN. Mr. Speaker, today I am introducing a duty suspension request on behalf of Ciba Specialty Chemicals Corporation of Tarrytown, New York. This company develops and manufactures additives, colors, water treatments and other specialty chemicals in the United States.

This duty suspension is for an algicide registered with the EPA for use in the architectural market. It is also used as a fungicide in the anti-fouling boat paint market and will replace tri-butyl tin oxide (TBTO) whose use will be banned by the International Maritime Organization in the year 2004.

INTRODUCTION OF THE "FEDERAL  
PAYDAY LOAN CONSUMER PRO-  
TECTION AMENDMENTS OF  
2000"—H.R. 3823

**HON. JOHN J. LaFALCE**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 2, 2000*

Mr. LaFALCE. Mr. Speaker, I am today introducing the "Federal Payday Loan Consumer Protection Amendments of 2000" (H.R. 3823) to address the problems of high cost "payday" lending. My legislation responds to consumer group studies that reveal how the rapidly expanding payday loan industry seeks to trap thousands of consumers each year in hopeless cycles of perpetual debt.

For some time now, I have been concerned that we are seeing the development of a dual financial services structure in this country—one for middle and upper income individuals that involves traditional regulated and insured financial institutions; a second for lower-income households and people with impaired credit that involves higher cost services from lesser-regulated entities check cashers, pawn shops and other quasi-financial entities.

For these lower-income Americans, traditional banking and credit services either are not affordable or readily available. Other entities have stepped in to take their place. Where these institutions act responsibly, they provide an important service that otherwise might not exist. But too often they are providing services at far higher cost, and at more onerous terms, than the services made available to higher income people. Certainly, I understand the concept of pricing for risk. But there is a clear difference between pricing for risk and simply taking advantage of people in desperate need.

In my mind, payday loans exemplify the worst aspects of the growing disparity between these primary and secondary markets for financial services. Payday loans are high-cost, short term loans that use a borrower's personal check as collateral. These loans are made to cash-strapped consumers without any assessment of ability to repay, other than the

ability to write a post-dated check. Since they are borrowing against their next paychecks, and the debt is due all at once in a lump sum, a large percentage of borrowers can't repay the debt and end up having to roll over the debt again and again, paying exorbitant fees and interest costs for the same borrowed funds.

The cost of a typical payday loan is \$15 to \$17.50 for each \$100 advanced over a two-week period. This translates into comparable annual percentage rates (APR) of 390% to 465% for a two-week loan. If the loan is extended over multiple two-week periods, the finance costs rapidly escalate, often exceeded 2000%. The Illinois Department of Financial Institutions reported last year that the typical payday customer "remains a customer for at least 6 months," averaging over 11 loan extensions. Indiana financial regulators found that only 9% of payday loans are not rolled over and that the average customer typically had ten loan renewals.

U.S. PIRG recently calculated the cost of borrowing \$200 from three widely available credit sources: a cash advance on a high-rate credit card, a loan under a typical state small loan interest cap of 35% and a typical payday loan. Over the period of a single month, the total charges for a payday loan, at \$70, were 8 times higher than the nearest alternative, \$8.41 for the credit card advance. Over three months, charges for the payday loan, at \$210, were nearly 18 times higher than the closest alternative, the \$12.10 paid for the high rate small loan.

Unfortunately, an accurate assessment of these costs is rarely provided to payday loan customers. The Truth in Lending Act (TILA) requires creditors to provide customers with complete and accurate estimates of credit costs, including comparable APR figures that permit comparison with other credit alternatives. Congress intended that TILA disclosure requirements apply very broadly to all forms of credit, including short-term payday loans. The fact that payday lenders continue to resist making accurate cost disclosures, with repeated unsuccessful challenges of TILA's application in court, indicates to me that their intent of deceiving people into borrowing at rates far higher than necessary and far higher than most can afford.

The fact that payday lenders can threaten to cash a borrower's check, or even threaten criminal prosecution for intentional writing of a bad check, leaves borrowers with few options but to roll over the debt or default on other debts to pay off the payday loan. Because payday loans by definition leave the borrower unable to repay all their debts, the use of postdated checks becomes an effective tool in forcing borrowers to pay the payday lender first. Industry sources openly acknowledge that "the potential for future (bad check) charges and/or loss of check-writing privileges" clearly motivates borrowers to pay off payday loans first, while defaulting on other obligations.

Unfortunately, most payday lenders are not federally regulated entities, and regulation of small loan interest rates has traditionally fallen within State jurisdiction. A large number of states, including my home state of New York, have in place small loan rate caps, usury ceiling or other restrictions to prohibit payday loans or limit their worst abuses. But these states are now under significant pressure from

the rapidly expanding payday lending industry. In 19 states, the payday loan industry has carved out special exemptions from state interest caps or enacted specific payday loan "regulatory" statutes that are written to benefit the industry, not consumers.

In states where the industry's lobbying tactics have failed, payday lenders either try to disguise these transactions, calling them service fees or sale-leaseback transactions, or they have set up special arrangements to conduct payday lending as affiliates or agents of nationally chartered banks and thrifts. This permits a payday lender to, essentially, "lease" the federal preemption authority accorded national banks by the Supreme Court's 1978 *Marquette* decision in order to circumvent otherwise applicable state interest rate restrictions.

The recent entry of insured national banks into payday lending is extremely troubling to me. I do not think institutions that benefit from a public charter, access to the federal payment system and federal deposit insurance should engage in lending that does not properly assess borrowers' ability to repay, that encourages writing of bad checks on accounts with other institutions, that seeks to trap borrowers in perpetual debt, that encourages default on obligations with other lenders, or that facilitates violations of state lending law. These are unacceptable activities for insured federal institutions that threaten the safety and soundness not only of the institution, but the entire banking system. Moreover, federal institutions have an obligation under the Community Reinvestment Act to serve all consumers in their surrounding community, not seek to exploit the most disadvantaged.

I believe Congress has a two-fold responsibility in this area. First, we must continue to address the inadequacies of the financial marketplace that fuel the growth of payday lending and other abusive practices. We have helped to make credit union services available to more people in financially underserved communities in the 1998 Credit Union Membership Access Act. The Treasury Department has recently implemented a Congressional mandate to make low-cost electronic transfer accounts available to all unbanked federal beneficiaries. And President Clinton has requested funding to implement new initiatives to make affordable "first account" banking services available to low-income households.

Second, we need to act decisively to restrict the abusive practices of payday lenders. At a minimum, we must keep federally regulated and insured institutions out of the business of payday lending, both to promote safe and sound banking practices and to eliminate the national bank "loophole" that permits payday lenders to circumvent state lending laws. But we need to much more—we must end the "indirect" involvement of insured institutions in payday lending by the fact that checks and other withdrawal on their accounts are being used by others as the basis for making and enforcing payday loan transaction. We also must make explicitly clear the fact that Truth in Lending Act disclosures and protections apply, and have always applied, to all payday loans.

The legislation I am introducing today will make four important changes in current law with regard to payday loans. First, it prohibits all federally insured banks and thrifts from engaging directly, or indirectly through other

lenders, in any form of payday lending. Second, it makes explicit Congress' intent that Truth in Lending Act protections apply to payday loan transactions, by specifically listing payday loans within TILA's definition of credit and providing a uniform federal definition of what constitutes a payday loan to eliminate future ambiguity.

Third, it amends current law to prohibit uninsured lenders from making any payday loan using a personal check or other written or electronic debit authorization on an account with an insured institution. Finally, the bill increases civil penalties under the Truth in Lending Act to provide a stronger deterrent to discourage abusive practices.

Mr. Speaker, Congress has spent a great deal of time in recent years creating a new, more flexible financial services structure that permits financial institutions to take full advantage of evolving technologies and changing market opportunities. Our challenge in future years will be to assure the benefits of these new structure will be equally available in all communities and to all consumers. I consider the "Federal Payday Loan Consumer Protection Amendments of 2000" a first step toward meeting this challenge. I urge its prompt consideration and adoption.

#### INTRODUCTION OF THE GLOBAL HEALTH ACT OF 2000

HON. JOSEPH CROWLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 2, 2000

Mr. CROWLEY. Mr. Speaker, today I am introducing legislation to address an issue that is receiving much needed attention by the international community and the U.S. government. That issue is global health.

In August of 1999, my constituents were shocked to learn that an outbreak of West Nile-Like Encephalitis had surfaced for the first time in the Western hemisphere in the heart of my district in Queens and the Bronx.

This outbreak was a wake up call for every American. It illustrates that the global community has truly become the local community. As demonstrated by West Nile-Like Encephalitis, HIV/AIDS and tuberculosis, a disease respects no borders. An outbreak in Africa, Europe, Asia or South America can travel to U.S. shores within days.

No longer can diseases occurring in far off lands be ignored. They pose a direct threat to the national security of our great country and must be addressed by the U.S. government, this Congress and the international community as a whole. Diseases can not be seized by Customs and they do not apply at the U.S. Embassy for a visa. The only way to stop them is to target them at the source.

To address this growing danger, I have been joined by 22 of my colleagues in introducing bipartisan legislation to increase the U.S. commitment to global health by one billion dollars over Fiscal Year 2000 appropriated levels. With these additional funds, our commitment to global health will be authorized at 2.19 billion dollars.

Mr. Speaker, I would like to thank the co-sponsors of the Global Health Act of 2000, Representatives CONNIE MORELLA, NANCY PELOSI, AMO HOUGHTON, NITA LOWEY, JIM