

enter public service a small break from the crushing debts they incur attending higher education. Offering loan cancellation also highlights the need for well-trained people to enter public service and honors those who choose to enter public service. This is the kind of incentive and reward we should be doing more of and I thank the Senate for accepting my amendment earlier that would provide Stafford loan forgiveness for child care workers.

Mr. President, I am here today because the future of both of these programs is in great jeopardy because we are unable to repay the universities' revolving funds what they are owed for the cancellation program. There are colleges that receive only 47% of what they are owed by the government. They are given the rest on an IOU.

Because Perkins loans are funded through revolving loans, the people who end up paying the price for this IOU are low income students who are eligible for Perkins loans in the future. As loans are canceled, and the government is unable to reimburse the revolving funds, there is less and less money available in the funds to generate new loans. It is estimated that 40,000 fewer students will be eligible for Perkins loans because of the declining money available in the revolving fund.

When you combine the pressure from the unfulfilled government obligations with recent cuts to the Perkins program in general, I believe that both these key programs are at risk. Congress has cut the yearly Federal contributions to the Perkins Loans revolving funds by \$58 million since fiscal year 1997. Since 1980, the Federal Government's contributions have declined by almost 80%. 900 colleges and universities around the country have cut their Perkins programs at least in part because they were not economically viable. In MN, colleges such as Metro State University have ended this valuable program in large part because they cannot afford to keep it going.

This means one thing and one thing only. There are less and less loans available for the lowest income students. The \$15 million the manager's package will provide will go far to reverse this situation.

Reducing the number of loans available is not the direction we want to be going given what we know about the rising importance of college education and the increasing need for financial aid.

A study from Minnesota indicates that for every \$1 that is invested in higher education, \$5.75 is returned to Minnesota's economy. A 1999 Department of Education study indicates that the real rate of return on investment in higher education is 12% based on earnings alone. This does not include savings on health care and other factors. Further, a recent poll found that 91% of the American Public agree that financial aid is an investment in America's future (Student Aid Alliance, 1999).

The numbers indicate that this is true. In 1998, men who had earned a bachelors degree earned 150% more than men who had received only a high school diploma. Women earned twice as much. (NCES, "Condition of Education, 2000," 2000). College graduates earn on average \$600,000 more in their lifetime than people with only a high school diploma. (US Department of Commerce, Bureau of the Census, 1994).

Despite the obvious benefits of investments in higher education, funding is declining. Since 1980 to 1998, the cost of higher education has almost tripled, leading to a decline in the purchasing power of federal grant programs. The maximum Pell grant this year is worth only 86% of what it was worth in 1980, making the Perkins program a more important part of low income students' financial aid package. Yet, the numbers of institutes of higher education offering the Perkins Loan Program has declined by 80% over the past 20 years. During the last decade, student aid funding has lagged behind inflation, yet in the next ten years, more than 14 million undergraduate students will be enrolled in the nation's colleges and universities, an increase of 11 percent. One-fifth of these students are from families below the poverty line. Many of them are the first in their families to go to college.

The effect of the decline in funding has a disproportionate impact on low income students—the very students that Perkins is designed to help. Studies show that an increase in tuition of \$100 lowers the enrollment of low income students by 1%. (McPherson and Shapiro, 1998). In Minnesota, students from families that make \$50,000 per year or more are three times as likely to attend a four year college as students from families who make \$30,000 per year or less (and I remind my colleagues that 83% of Perkins loans would go directly to these students with incomes less than \$30,000.) Further, more than 1/3 of students who enter college drop out. Often this is because they cannot afford to continue.

The Perkins Loan Program is vital to helping these low income students enter and stay in college. It would be a shame if the program failed because the government failed to pay universities back the money it owes this valuable program. By increasing the appropriation for the cancellation program, the managers have taken a strong step toward getting the government out of debt. I am also committed to seeing that this program is fully funded in the future. We have on-budget surpluses of \$1.9 trillion. We should use this appropriation to ensure that we are not in debt to the 40,000 fewer students who will not receive the Perkins loans they once could have because the federal government did not meet its obligation to pay for its own cancellation program.

These are America's poorest students who are simply trying to afford a college education. With a \$1.9 trillion surplus, we owe it to them to pay it back.

#### MORNING BUSINESS

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate now proceed to a period of morning business and return to the pending business when I complete these remarks.

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

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. I ask unanimous consent to speak in morning business for 10 minutes.

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

#### — APPROPRIATIONS

Mr. KENNEDY. Mr. President, before the Senate are the appropriations bills which provide the funding for education, health, and training programs. As I have mentioned over the past few days, I respect the work by Senator SPECTER and Senator HARKIN in trying to shape that proposal. We have some differences, even within the limited budget figures that were allocated, in areas we feel were shortchanged. We tried to bring some of those matters to the floor yesterday.

On the issues of making sure we will reach out in the areas of recruiting teachers, providing professional development for teachers, and mentoring for teachers, we received a majority of the Members of the Senate. I believe it was 51 votes. A majority of the Members felt that should be a higher priority than designated. Even in the majority party, there is a clear indication, particularly against the backdrop of the announcements made in the past 2 days with these enormous surpluses, that one of the priorities of the American people is investing the surpluses in the children of this country.

I think that is something that needs to be done. We are going to proceed during the course of this day on amendments which I think are very important. The next one, which will be offered by Senator DASCHLE to deal with issues of genetic discrimination and employment discrimination, is very important. We will go on, as has been agreed to by the leaders.

But as we are going through this debate, I cannot remain silent on the allocating of resources. We are hopeful, as a result of the action of the President of the United States, there will be a different form and shape of this appropriations bill by the time it comes back from the conference, or by the time it is actually enacted in the fall. We are not giving the priorities in the areas of education, and I must say even in the health area, that I think the American people want and deserve. The principal reason for that is there is an assumption within the Republican leadership that there will be a tax break of some \$792 billion. So if you are going to write that into the budget, or parts of that into the budget, you are