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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. KENNEDY. I understand now that we are on the time that has been designated for Senator DASCHLE, the minority leader.

The PRESIDING OFFICER. That is correct.

Mr. KENNEDY. I have been yielded 10 minutes and then I understand my colleague and friend from Washington has been yielded 5.

The PRESIDING OFFICER. That is correct.

Mr. KENNEDY. Would the Chair notify me when I have 2 minutes remaining?

The PRESIDING OFFICER. Yes.

EDUCATION FUNDING

Mr. KENNEDY. Mr. President, yesterday, JOHN EDWARDS was in Cleveland, OH, and gave a powerful speech on the economy. He pointed out the struggles of the middle class and asked why President Bush made the choices he has to boost the wealthiest Americans and abandon hard working men and women. I urge my colleagues to take a 10 minute and then I understand my Dad working at the kitchen table. He wasn’t going over the family bills through the month. He sees them divide up their bills into piles that say “pay now” and “pay later.” And he sees his mother and father work hard and they can’t even break even. That boy thinks, “This is what life will be like.” He looks on with resignation and the false belief that this is as good as it gets.

Two people are responsible for causing this great shift in our values: George Bush and Dick Cheney. Their policies have decimated the economy of Ohio and the American values we believe in.

This campaign is about different leaders and different economic plans. It’s about different visions for America. And it’s about what’s holding down the calculous view of a few at the top who believe that the values that got us here can now be left behind.

It is because George Bush and Dick Cheney abandoned our values that Ohio has lost 297,000 jobs; family incomes have dropped by more than $1,500; health care costs have gone up 11 percent; and at Cleveland’s State and Ohio State is up $3000; and once every five minutes an Ohio family files for bankruptcy.

The struggles people face in Ohio and the weakness in our economy are a direct result of decisions made by George Bush and Dick Cheney. And those decisions are the direct result of a vision that honors wealth and privilege rather than work and responsibility.

When our economy suffered after September 11, this President made a choice. He fought for tax cuts for the wealthiest Americans. And he did nothing to put more money into the pockets of working families.

When our country went 7 straight months of losing jobs, this President made a choice. He proposed $25 billion in backward-looking tax cuts for big corporations like Enron. But he did nothing to pass tax cuts that would encourage businesses to create jobs.

When the incomes of working families began to fall after 7 years of strong growth, this President made a choice. He slashed the overtime for six million workers. But he did nothing to raise the minimum wage.

When health care costs skyrocketed out of control, this President made a choice. He gave away $110 billion to the big drug companies and fought to lift the responsibilities of HMOS and insurance companies while taking away the rights of families. But he did nothing to lower health care costs so Americans could keep more of their own money.

When Ohio schools raised college tuition because of state budget deficits, this President made a choice. He abandoned our values by giving subsidies to big banks and tried to cut off Pell Grants for 84,000 students. But he did nothing to relieve the burden on our state budgets and increase student aid.

Every choice he made did something to harm our middle class and weaken our economy. And when it comes to what working people need, this really is a Do-Nothing Presidency: Do Nothing to create jobs, do nothing to relieve the pressure on the middle class, do nothing to bring down health care costs, and do nothing to help more young people go to college.

You can count on George Bush and Dick Cheney to do one thing: look out for their friends at the top. It is very simple: they honor wealth, not work.

This campaign is about the most radical and dangerous economic agenda to hit our shores since socialism a century ago. Like socialism, it corrupts the very nature of our democracy and our tradition. It is not a plan to grow the American economy. It is a plan to corrupt the American economy and shrink the winners circle.

John Kerry and I believe that the hard work and responsibility of the middle class are the engine of our economy. We believe our government should honor those values and give everyone who works hard and takes responsibility a chance to do well. We believe in expanding the winner’s circle. We believe in one America.

History shows us that our approach works better for America. To have real economic growth in this country, we have to strengthen and expand the middle class.

We saw it with the G.I. Bill. Young men who fought for America, and America in return. Millions of people went to college and triggered the greatest expansion of the middle class the world has ever seen.

We saw it in the 1990s. Government lived within a budget just like our families do. A tight labor market drove up wages. The average family made $7000 more, and we lifted 6 million Americans out of poverty.

And look where we are today. George Bush and Dick Cheney have replaced that virtuous path with a vicious circle when it comes to our economy.

We have a labor market that cannot keep up with our growing population. We see declining wages even as health care costs go through the roof. And the gap between the Two Americas is growing. Corporate profits are up. Our most expensive stores’ sales are up. But average wages are down over the last year, and the Targets and Gaps are seeing their sales stall. Instead of creating good middle-class jobs, we’re creating more temp positions, part-time jobs, and jobs in fast food restaurants.

When you have a government that does nothing to reward work, our economy never picks up and this vicious circle continues. The people at the top do just fine. The people who make this country work struggle to get through the month, and our economy never picks up steam.

John Kerry and I will break this vicious circle. And we will put America back on a virtuous path where work is rewarded, the middle class expands, and the American Dream is there for all who are willing to work for it.

It is time to build one America with one economy that works for everyone. Where no child ever looks on at his parents and thinks, “I can’t hope for something better.” But dreams only of building something better. And this is the season for change. It is time to build an economy that honors our values and rewards work. It is personally what it’s like when the factory or the plant closes down. The whole town suffers, and that’s what happened when the textile mill my father worked in closed down.

We can prevent some of these jobs from leaving America. And there are real steps we can take that will sustain manufacturing jobs in Ohio. But that alone won’t be enough.
One constant of our new global economy is that there will always be change—one sector will be growing while another lags. It is the responsibility of our leaders to anticipate these changes so that they can take steps to close old jobs and create new ones, and give our workforce the tools it needs to adapt to the new economy.

What we present today is our plan to help Ohio and America build one economy. This plan will attract new business to Ohio and create more manufacturing jobs. And it will strengthen and expand the middle class so that the American dream of building something better is never replaced with the dream of just getting by.

First, we will create and keep good paying jobs right here in America.

Today, if one company wants to move its factory to Mexico, or another company wants to keep its plant open outside of Marietta, the company that ships its jobs overseas is rewarded. They get the tax break while our middle class watches more and more good paying jobs leave this country. They get the tax break while our middle class loses its muscle. And they get the tax break while your neighbors and mine in the Rust Belt try to figure out how to live on $12,000 less in their new job.

This administration values America’s work so little that they actually proposed to offer new tax credits to companies to move their jobs overseas. We should be exporting American products, not American jobs.

When John Kerry is President, we will end the tax breaks that encourage our companies to ship jobs overseas. Instead, we will cut taxes for businesses that create jobs here. In fact we will cut taxes for 99% of American companies that pay taxes and create jobs.

For those small businesses and manufacturers that want to hire new employees we will cut payroll taxes to help your company bear a share of the payroll tax for every person you hire. For those small business owners who want to hire more employees but cannot afford to insure them, we will give you up to a 50% tax cut on your health care to cover your employees.

You see, we believe government should cut taxes on American business. But it shouldn’t cut and run from America’s values when it does.

Another way to honor work is to enforce our trade agreements and trade laws so we secure a more level playing field for our workers. We need to trade for our businesses, our consumers, and our economy. But we need to see these numbers as a call to action. Poverty isn’t something we can live with. It’s something we need to strive to end. Based not on handouts, but based on hard work.

Ohio has lost 173,000 manufacturing jobs under this President. Here in Cleveland, CHC Industries shut down its plant because of Chinese competition.

And I heard a similar story from the workers from Technoglas in Columbus. They were part of the television glass and components manufacturer that closed their plant and sent 1,100 workers home. And one of the reasons they closed was China’s continued manipulation of its currency. They are able to sell products for up to 40 percent less—not because they’re more efficient or cheaper, but because they play games in the currency markets. This President won’t even say it’s against the rules.

John Kerry will. He will fight China’s currency manipulation. And he will stand up for the right of American workers to compete in a level playing field.

These trade policies aren’t abstract ideas or something that happen over there. They impact our lives. While we must always trade and open our markets, we must do so in a way that is right for our workers and the world’s middle class.

We all have to do well if this economy is going to break this vicious circle and start to pay for America to grow. Here in Cleveland, thousands of working families are at a growing disadvantage compared to our international competitors.

We can change that. We can change it by lifting the burden of catastrophic costs from businesses and by offering tax credits to make health care more affordable. We can change the rules that target the kinds of taxes that corporations pay. We can change it by enforcing our trade laws, and we can change it by allowing the reimportation of prescription drugs and the government to negotiate a fair price. And we can change it by changing the rules that target the securities laws of Wall Street.

That’s why we’ll create a venture capital fund to support small businesses and entrepreneurs in small towns that are hurting. We will make sure we have broadband everywhere in America and help small manufacturers upgrade their technology. And we can invest in the new technologies and renewable energy so that America can become independent of Middle East oil.

Here in our Country, our universities, research institutes, and advanced manufacturing industries will spark new growth and innovation. They are critical for strengthening and maintaining our middle class. And they will be the key to Ohio’s economic future.

Since the Second World War, technology has accounted for nearly 50 percent of the state’s economic growth. There are 167,000 Ohio workers employed in high tech jobs.

If we expand investment in technology, we can create an economic environment where these kinds of good paying jobs are created every day. And by investing in education, we can use our best and our brightest to solve our countries greatest challenges. The investment in the working men and women who will launch the next wave of economic expansion. And Ohio can and will lead the way.

Once we take these steps, our walk is not done. When we put America back to work, we also need to make sure that work is honored and respected.

George Bush is talking about building an ownership society, but he has spent four years building a debt society for everyone except those at the top. His economic vision has one goal: to get rid of taxes on unearned income and shift the tax burden onto people who work. And he has moved toward that goal with tax cuts passed already.

The President’s new “tax reform” is the ultimate expression of his values. We don’t know all of the details, but we know a lot of them because of a memo released by his former Treasury Secretary.

We know people who inherit hundreds of millions will now pay less in income taxes. Middle class waitresses and working people will pay everything. And we know his plan will take away the most important incentive for the single most important form of saving. It will eliminate entirely the tax deduction for home mortgage interest.

According to the Treasury Department, this effect of this project on the economy as a whole are “uncertain.” But the effects on the middle class are clear. It means that these will bear more of the tax burden in America.

It’s time to return to the idea that made this country great: Instead of helping America’s wealthiest, we should reward the work of America’s middle class.

That is why John Kerry and I have a plan to cut taxes on work and expand our middle class. To help middle class families pay for health care, health care reform and a tax credit to help pay lower premiums up to $1,000 a year. To help our children and the rising costs of child care, a tax credit up to $1,000 so children have a safe place to go while their parents work. To help middle-class families buy the home of their dreams, we will stop the deceptive and unfair credit cards deals that cost families billions each year.

And to give more young Americans the chance to lead the way in the creation of their family to go to college, a plan to make college affordable. We will provide $10 billion in aid for states, including $30 million for Ohio, for every year of service in our public schools or commu- nity, state or country, then we’ll give them four years of college tuition.

When you talk about getting tax cuts for the middle class, these are more than words. It’s what John and I have fought for over and over again. They want more tax cuts for middle class families because we know that a strong and growing middle class means a stronger America.

Just as families live within a budget, Washington should too. And we will restore fiscal discipline in Washington. We will roll back tax cuts on multimillionaires, restore real budget rules, and we will close corporate loopholes, corporate welfare, and the federal bureaucracy that is growing again under George W. Bush. Our plan will cut the deficit in half and this will restore confidence in our markets. It will free up new capital for new businesses and encourage them to start hiring again.

It is a fundamental American principle we all believe in—creating wealth for those who work for it and expanding the middle class. But the very idea of the “working poor” has no place in our work for it.

Cleveland is a proud city, a great city. And it belongs at the top of many lists. Not the one we heard about last month—having the highest poverty rate in the nation. We need to see these numbers as a call to action. Poverty isn’t something we can live with. It’s something we need to strive to end. Based not on handouts, but based on hard work. We will encourage the job creation in Cleveland by fixing our tax policies and our trade policies to pay for America to grow.

We will honor hard work by raising the minimum wage. That will help 396,000 people in Ohio. And we will honor hard work by expanding tax credits for millions of working families.

In Cleveland, thousands of working families who are eligible for those tax credits...
don’t collect them. Thousands get advance “tax refunds” that are actually loans at interest rates of 100 percent or higher. And often these families see their earnings eroded every payday. Predatory lending is no one should have to bear. Ohio has the highest foreclosure rate in the country, and in Cleveland, 1 in 6 homes were in foreclosure last year.

We can do something about it. First, we’ll work with Cleveland to lead an outreach campaign, expand voluntary help with taxes, speed up tax refunds, and get the IRS out of the business of encouraging high-interest loans. We will crack down on predatory lending to save Ohio families $300 million a year, and we will ask banks to offer more loans and services to low income families. And we can make sure fathers honor their responsibilities by paying child support and helping them work.

We can lead a rebirth right here in Cleveland. This city has 350 brownfields covering 6,000 acres. We can clean them up and replace hallowed out buildings with good new homes. And we can strengthen the public schools in Cleveland so that families stay in the city. You just laid off more than 800 teachers because of a foreclosed school district. How are we going to educate the best minds of tomorrow without a good teacher at the head of every classroom?

One thing that you understand here in Cleveland is that poverty isn’t “their” problem. Nobody is more eager than you to fight poverty. You understand that the fate of your city depends on the success of all of your residents. And that is exactly the same thing for America. Creating opportunity for all is not an expression of compassion. It is an expression of our commitment to do what is best for America.

At the heart of this campaign, we want to make sure everyone has those opportunities that I had growing up—no matter where you live, who your family is, and what the color of your skin is. This is the America we believe in.

You honor work and inspire confidence by building one economy that honors our values and strengthens our great middle class. With this simple and enduring principle serving as our moral compass, we can break this current vicious circle and put our economy back on a virtuous path.

This is what the politics of what’s possible can build and John and I need your support to make this happen in America.

For in the end, this election comes down to a simple idea: do we believe that our economy—Ohio’s economy—is strong when month after month jobs are lost and family incomes decline, then you can vote for George Bush and Dick Cheney. But if you want an economy that honors work and lifts up our middle class, then your choice is clear and it is time to make John Kerry our next president.

Many of us are angry at what George Bush and Dick Cheney have done to our great country and the values we cherish. But anger never changed America; our actions do. And this is what we will do good paying jobs, invest in the jobs of the future, and lift up and expand our great middle class.

We belong to America.

So that once again, we can live in the bright light and the blessing of America.

When a girl sees depression when her parents sort bills at the kitchen table, but believes in the promise of America. That hard work, responsibility and the love of his family can create a future filled with hope and grace.

Mr. KENNEDY. Mr. President, few issues are more important to a strong America than strong schools. Education can open the doors of opportunity to our people. It helps the next generation realize their potential and fulfill their dreams. A good education strengthens our economy as it prepares young Americans to get good jobs and compete in today’s world. Parents want to see their children succeed, but over the past four years we have seen a President and an administration with an incompetent education policy and incompetent education budget.

President Bush is spending more than $1 trillion to give away in tax breaks for the elite but he cuts funding for his own education reforms. He can waste billions of dollars in contracts to Halliburton but cannot find a dime to increase Pell grants. When it comes to the education of our children and helping middle-class families afford college for their children, and helping workers get retrained for new jobs, this administration has been AWOL.

On issue after issue, the administration has stood by with the long trail of broken promises and unmet commitments. Incompetence is hurting our families and our communities. On Iraq, the administration manipulated and distorted intelligence in a rush to war. We have had incompetent leadership in trying to find a way of peace, and America is less safe today.

We have had incompetency in the management of our economy with the loss of 1,700,000 jobs. Wages are down. Expenses are up. Health premiums are going through the roof. Gasoline prices are up. College premiums are up. In health care, we have a double-digit increase in premiums. Drug costs are going through the ceiling. There is a rising number of uninsured. Iraq, the economy, health care, and now education.

I have a statement the President made January 23, 2001:

“My focus will be on making sure that every child is educated.

These are the K-12. This is the college education. These are the children who need the training programs and yet we see that under the administration’s budget 4.6 million of these children are being left behind.

College tuition has gone up 38 percent in the new calculations since this President took office, which makes payments of the premiums for a college education out of the reach of middle-income families. We have had an actual $600 million cut in job training programs. This is what the President said: Funding is important and so is reform. So we must tie funding to higher standards and accountability—

We agreed with that—

for results. Schools will be given a reasonable chance to improve and the support to do so.

Money is not the answer to everything but it is a clear indication of a nation’s priorities. This is a commitment of the President to provide the support so we can have higher standards so that we can have higher results and academic achievement for our children. Yet we find that Bush underfunded the reforms of No Child Left Behind this year by $8.4 billion.

There are 6,500 schools identified as in need of improvements and President Bush has never once proposed funding to turn around schools that need improvement.

Here it is. The President said on January 23, 2001:

“...it is on our schools, particularly low-income schools, will need help in the transition to higher standards.

High standards mean better trained teachers who are teaching in under-served areas. It means support services for those children who are not being able to keep up with the rest of the class. It means help and assistance for limited-English-speaking children, those who are speaking a foreign language who need the extra help and assistance in order to be able to perform at standard, and also reforms for struggling schools in many of our urban areas and some in our rural areas.

There was a guarantee in the No Child Left Behind and President Bush has never once proposed funding for those children who are not being able to keep up with the rest of the class. It means help and assistance for limited-English-speaking children, those who are speaking a foreign language who need the extra help and assistance in order to be able to perform at standard, and also reforms for struggling schools, and yet that has been a failed promise.

This chart indicates where the Bush budget is with regard to the No Child Left Behind Act, all the way out to fiscal year 2012, and that leaves over 4 million children left out and left behind.

This was the commitment in the No Child Left Behind Act that this President signed to say that no child would be left behind, and that every child could reach proficiency.

In the State of Massachusetts, in the latest MCAS test, which is generally recognized nationwide, 62 percent of the children were able to get proficiency in reading and 57 percent in math. We are not giving up on those children but evidently the administration has.

In his statement, this is what the President said on August 30, 2000:

A child eligible for a Pell grant future will be affected by the size of the Pell grant. I am going to ask Congress to bolster the first year aid . . . to $5,100 per recipient of the Pell grant . . .

That was on August 30, 2000. When was that? Just before the election.

The budget over funds the administration on the Pell grants for the last 4 years: Zero, zero, zero in terms of the increase of the Pell grants at a time when we have increases in higher education going up 38 percent. This is an abdication of responsibility to the children of this country. We have had an abdication of responsibility in health care, in the economy, and in education.

What we don’t have with this administration is attention to special interests. We saw over the passage of the Medicare debate where this administration gave $319 billion in windfall
profits to the drug industry, $46 billion to the HMO industry. Now what do we have, the student loan scandal.

My friend from the State of Washington will speak to this issue, but I wish to point out what was printed today in the New York Times that says it all.

I ask unanimous consent that the whole article be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:


BANKS AND THE COLLEGE LOAN LOOPHOLE

The Bush administration has studiously looked the other way while well-connected lenders have exploited a loophole in the student loan program that will reap them nearly a billion dollars in undeserved subsidies this year alone. Congress, which rakes in contributions from banks and other lenders, was reluctant to even discuss this problem until a public outcry recently made it impossible to avoid. The Education Department has claimed that it lacks the authority to close the loophole unilaterally. But that position is invalid; this week in an unusually caustic report by the Government Accountability Office, which outlined the scope of the problem and urged the Education Department to resolve it quickly, the inspector general said the money should be going to poor middle-income Americans, not taking care of the special interests, and working class college students, not taking care of the drug industry, but not taking care of working class Americans, not taking care of middle-income Americans.

I ask unanimous consent that the entire article be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Post, Sept. 22, 2004]

EPA WORNING FOUND TO MIRROR INDUSTRY’S

(By Juliet Eilperin)

For the third time, environmental advocates have discovered passages in the Bush administration’s proposal for regulating mercury pollution from power plants that mirror almost word for word portions of memos written by a law firm representing the coal-fired power plants.

There is again, taking care of the banks, taking care of the HMOs, taking care of the drug industry, but not taking care of working class Americans, not taking care of middle-income Americans.

I ask unanimous consent that the entire article be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Sept. 22, 2004]

EPA WORNING FOUND TO MIRROR INDUSTRY’S

(By Juliet Eilperin)

For the third time, environmental advocates have discovered passages in the Bush administration’s proposal for regulating mercury pollution from power plants that mirror almost word for word portions of memos written by a law firm representing the coal-fired power plants.

The passages state that the Environmental Protection Agency is not required to regulate other hazardous toxins emitted by power plants, such as lead and arsenic. Several attorneys general, as well as some environmental groups, have argued that the Clean Air Act compels the EPA to regulate these emissions as well as mercury.

The revelations concerning language written by Latham & Watkins could broaden an ongoing inspector general investigation into whether the industry had an undue influence on the agency’s proposed mercury rule, legislative critics of the proposed rule said.

Sen. James M. Jeffords (I-Vt.), ranking member of the Senate Environment and Public Works Committee and one of the senators who first raised the mercury issue last year, said that the revelation that the EPA adopted the same wording as an industry source “no longer comes as much of a surprise.”

“The industry continues to let industry write the rules on pollution, and this is just one more example of how they abuse the public trust,” he said.

The EPA spokesmen said it could not discuss client confidentiality.

Sen. Maria Bergman would not comment on the connection between the law firm memo and the agency’s proposal beyond saying that it is “a public document. It was publicly debated as part of the rulemaking process.”

She added that pollutants such as lead and arsenic are not the central issue: “EPA continues to be concerned with mercury. We will be regulating mercury emissions from power plants for the first time, and we will concentrate on the need to protect children and pregnant women.”

Environmentalists have assailed the EPA for months arguing that the mercury rule, slated to be finalized next March, would not adequately curb a toxin that can enter the food chain through fish and cause development damage in infants and young children.

The rule, they said, does nothing to limit chronic levels of mercury pollution from utilities, all of which exceed mercury emissions and could pose a health threat.

“The big story here is the public health story; things like lead and chromium are being released in very large quantities and pose a very serious health threat.”

said John Stanton, a senior lawyer for Clean Air, an environmental coalition that spotted the similarities between the regulation’s language and the industry memo.

The inspector general said that although the EPA determined in 2000 that arsenic, chromium and other metals are potential health hazards, it is not sure which uncertainty to justify regulating them.

This conclusion is backed by two sections of the proposed rule that address whether the mercury rule is compelled to regulate any mercury pollutants, an issue that first arose in 1990 when Congress rewrote sections of the Clean Air Act. At the time, Congress made it clear in its direction for the EPA that the EPA should study whether it was both “appropriate and necessary” to regulate them.

In 2000, in the waning months of the Clinton administration, the EPA concluded that utilities should be listed as a source of toxic emissions and regulated accordingly.

In light of the 2000 decision and past studies, EPA officials said they are obligated to regulate only mercury in coal-fired power plants and nickel in oil-fired plants. The nine attorneys general and two state environmental secretaries on June 28 saving the EPA is legally required to address other pollutants as well, citing a 2000 decision by the U.S. Court of Appeals for the D.C. Circuit.

The Aug. 5, 2002, memo from Latham & Watkins, submitted during the public comment period on the rule, was based on the assumption that electric utilities would face under the Clean Air Act amendments.

The EPA used nearly identical language in its rule, changing just eight words. In a separate section, the agency used the same italics Latham lawyers used in their memo, saying the EPA is required to regulate only the pollutants under Section 122 of the Clean Air Act “after considering the results of the study required by the rule.”

The memo uses the word “subparagraph” instead of paragraph but is otherwise identical. Latham lawyer Robert A. Wyman Jr., who authored the memo, declined to comment last week on grounds that the firm does not discuss client matters unless directed to do so.

The Washington Post and the Los Angeles Times reported earlier this year on instances in which industry-written language had surfaced in the mercury proposal. A spokesman for the inspector general’s office said its investigation of the issue should be done by early next year.

That, I believe, is what this whole election is about.

Finally, the President of the United States is out today in Pennsylvania and also in Wisconsin. I hope he will explain to the people in Pennsylvania why he is leaving out 65,800 schoolchildren who are being left behind in the funding of the No Child Left Behind Act in Pennsylvania. And when he travels to Wisconsin on Friday, I hope he will explain to the parents out there in Wisconsin why he is leaving behind the children who are being left behind in the State of Wisconsin.

The parents of the children in Pennsylvania, the parents of the children in
Wisconsin, are entitled to answers. They are tired of rhetoric. They are tired of cliches. They are tired of misrepresentations. They want the facts. They want the truth. We have a candidate who will give it to them. I send my friend and colleague in the Chamber, Senator Murray. Whatever remaining time I have, I yield to her, and I thank the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, how much time is left?

The PRESIDING OFFICER. The Senator has 5 minutes 15 seconds.

STUDENT LOAN SCANDAL

Mrs. MURRAY. Mr. President, I come to the floor today to talk about this scandal to which the Senator from Massachusetts alluded. It is mentioned in the New York Times today, “Banks and the College Loan Loophole.”

I talk to families all over the State of Washington, and they are struggling to pay for college for their kids. They all agree college education is far too expensive for many families. You would think Federal Government would be doing everything possible today to make college more accessible for all of our families. Sadly, that is not the case.

Last week in the Senate we had a chance to help students get to and get through college. Unfortunately, the majority on the Appropriations Committee blocked my commonsense, student-friendly proposal. Instead of standing up for students, unfortunately the committee stood up for banks and other special interests that have been gaming the system for years, at taxpayer expense.

I am on the Senate floor today to say that students should come before special interests. Student loan programs were started to help our students. They were not started to line the pockets of special interests. Student loan programs were not started to line the pockets of banks. This is as if you walk into a college bookstore and a textbook on the shelf costs $100. If that textbook had the same outrageous markup as these loans, that student would be paying $3,000 for the same textbook. Taxpayers are paying $3,000 for something that only costs $100 of this runaway subsidy, and that is outrageous. There is no reason for taxpayers to be paying a markup of 30 times the real cost. We were all outraged when Halliburton charged taxpayers $45 for a case of soda that sells for $7 at the supermarket. Halliburton marked those prices up 6 times. Today, lenders are marking up student loans at a price 30 times higher than they should. No wonder the Washington Post called this a scandal.

I ask unanimous consent to have the Washington Post editorial on this printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Subject Loan Scandal

There are bureaucratic errors, there is congressional negligence—and then there are bureaucratic errors and congressional negligence on a scale so vast that it is hard to believe they can be accidental. Hundreds of millions of dollars in unnecessary government payments to the student loan industry in the past 18 months amount to such a scandal. The loans in question, established in 1980, are guaranteed by the government at 9.5 percent. Yet most students are paying interest rates of 3.5 percent or less. How can this be—pure profit for the companies that have taken advantage of a loophole in the law.

According to a report by the Institute for College Access and Success, a non-profit education think tank, Congress had actually intended to end in 1993 the 9.5 percent loan guarantee, one of many programs that provide incentives for institutions to lend to students. In May 2003, one company, Nelnet, wrote to the government to confirm its intention to expand its holdings of old loans with the 9.5 percent interest rate. Nelnet received no answer from the department for a year, during which time the department continued paying the company. In June of this year, the department replied incautiously—at which point the company’s stock price climbed 20 percent. Although Nelnet is the largest holder of loans guaranteed at 9.5 percent—and its holdings of such loans have increased by $1 billion since January 2003, according to our Wall Street Journal, once January 2003, one of many such lenders. According to a preliminary Government Accountability Office report commissioned by Van Hollen (D-Md.) and Dale E. Kildee (D-Mich.), 37 lenders receive payments for loans with guaranteed interest rates of 9.5 percent, at a cost of $750 million annually, and the volume of such loans is rising. Why wasn’t the loophole shut long ago?

Education Department officials argue strenuously that only a two-year regulatory process could have done so, and they didn’t initiate one, they say, because they thought Congress would deal with it. Congressional Republicans say they were dealing with the problem in a comprehensive higher education bill, but that has failed to pass (and in any case the proposed language would not have ended all the payments). Yet, other solutions could have been found: In the wake of revelations about the scale of the payments, the House yesterday passed an amendment to an appropriations bill, offered by Mr. Van Hollen and Mr. Kildee, that would close the loophole completely, albeit temporarily. (Of course, there is no guarantee it will become law.) One former Education Department general counsel has written to the secretary of education, Roderick R. Paige, arguing that the student loan scandal is “so massive and im-me- diately if officials had wished to do so.

There could be other explanations for their reluctance. One is that the president’s campaign spokesman, Howard P. Buck, has called for the loophole to be shut and the money to be better used—is well-connected enough to have been appointed to Mr. Paige’s advisory commission on student loans. There is another: According to a report in the Chronicle of Higher Education, Nelnet is the second-largest contributor to congressional campaigns in the student loan industry. In the past 18 months, the student loan industry has contributed about $750,000 to the 49 members of the House Committee on Education and the Workforce, of which $136,000 has gone to the committee chairman, Rep. John A. Boehner (R-Ohio), and $175,000 to Rep. Howard P. “Buck” McKeon (R-Calif.), chairman of the subcommittee on higher education. Mr. Boehner’s spokesman vehemently denies any connection between the contributions and the loans and maintains that the committee’s bill would have fixed the problem, which was mentioned in the president’s latest budget. Still, it is difficult to avoid the conclusion, given that neither Mr. Paige nor Congress made this a higher priority.