mind when we come to the floor to fight for fewer regulations, a lower tax burden, and more affordable and accessible health insurance for small businesses and their employees.

COMBATTING VIOLENCE WITH JOBS FOR YOUTH

Mr. KENNEDY. Mr. President, a recent op-ed article in the Boston Globe emphasizes the severity of the employment problems facing today’s youth and its relationship to the increase in gang and gun-related violence in the Nation’s cities.

Easy access to guns and other dangerous weapons and the shameful prevalence of drugs are major contributors to this problem, but so too is the lack of job opportunities available for our youth. We have failed to develop job programs that will help these youths build a future without guns and gangs.

In the Globe piece, William Spring, the distinguished former vice president of the Federal Reserve Bank of Boston and a senior member of the domestic policy staff in the Carter administration, and Andrew Sum of Northeastern University’s Center for Labor Market Studies, argue that although we face a very real problem with youth unemployment, we can do something constructive about it. The only question is whether we have the will and the wisdom to make the investments necessary to enable our youth to seek, find, and succeed at the advantages of the job opportunities that can transform their lives and make our communities safer and stronger.

I believe the article will be of interest to all of us in Congress, and I ask unanimous consent that it be printed in the Record.

[From the Boston Globe, Apr. 5, 2007]

COMBATING VIOLENCE WITH JOBS FOR YOUTHS

By William Spring and Andrew Sum

During the past few weeks, attention has been focused on the rise in fatal shootings and gang-related activities in Boston. Governor Deval Patrick and Boston Mayor Thomas Menino recently announced joint efforts to combat gang violence, including an expansion in youth summer jobs. Renewed public-policy attention to youth labor-market problems in Boston and the state is clearly warranted. While the overall number of jobs has increased over the past few years, the labor market for teenagers in both the nation and state has remained extraordinarily weak.

Employment rates for the nation’s and state’s teens (age 16-19) in 2005 and 2006 were the lowest in the past 50 years. Male high school students and dropouts across the state have found it particularly difficult to find work over the past six years, often increasing their involvement in gang and criminal activities.

To make matters worse, job opportunities for high school youths are distributed unevenly across key demographic and socio-economic groups. In 2005, white high school youths were twice as likely to work as black youths and 40 percent more likely than Hispanic youths. The need for a concerted set of public policy responses both short-term and long-term is needed.

A variety of favorable educational, social, and labor-market opportunities can be generated from an expansion of in-school work opportunities for high school students, especially those from race-ethnic minority and low-income groups. National research has shown that minority and low-income youths who work in high school are less likely to drop out than their peers who do not work. Students with jobs that offer work-based learning opportunities are more likely to see the relevance of school curriculum to future job performance and remain more committed to their school work.

Teenage women who live in local areas that provide more job opportunities to them are less likely to become pregnant, and male teens are less likely to become involved with the criminal justice system. National, state, and local research also consistently reveals that work in high school facilitates the transition to the labor market upon graduation and increases the annual earnings of youth in their late teens and early 20s.

There are a variety of workforce development strategies that can be pursued to boost employment among middle-class high school students during the regular school year and the summer.

First, the hiring of professional staff to work-based learning opportunities, paid internships, and regular job opportunities is important, especially for youth from low-income families and those whose parents do not receive tax credits for their hiring and training. These incentives can help bridge the range of jobs by industry and occupation to which high school students can be exposed.

At a time when today’s youth decreased funding for the existing Connecting Activities Program at $7 million can help local Workforce Investment Boards increase the hiring of staff to work with students and employers to improve teen job prospects. The governor and Legislature should jointly support an increase in funding for such connecting activities and demands strong accountability for performance.

Second, employers who provide work-based learning opportunities and wages for students in school-to-career programs should receive tax credits for their hiring and training of high school students. Many employers provide important staff support and in-kind contributions to such programs and should be rewarded for their efforts.

Third, the governor should encourage all state agencies to promote the hiring of high school students during the summer months, and more of the state’s youth and town managers should follow the lead of Menino in promoting the hiring of their high school students by the private sector.

Fourth, the state should adopt a youth apprenticeship program similar to that of the state of Wisconsin’s more aggressively promote apprenticeship training under the existing system in our state. Young workers in Wisconsin, the state’s youth apprenticeship training in up to 21 occupational fields under the state’s system, thereby providing employers with access to young skilled workers in a structured work/training system.

Massachusetts should aim to become a national leader in both the employment and training of its high school students and out-of-school youth. Successful youth employment and training system can help promote the future growth and quality of our state’s resident labor force and help stem high levels of out-migration.

REFORMING THE STUDENT LOAN INDUSTRY

Mr. KENNEDY. Mr. President, a column by Joe Nocera from last Saturday’s New York Times contains an excellent analysis of the student loan industry and the recent sale of Sallie Mae. We often hear about the rising cost of college and the debt that so many students should attend college. As this article emphasizes, the industry and government are forcing students to burden themselves with excessive debt.

The recent sale of Sallie Mae illustrates the problem. The company, the largest player in the industry, was purchased earlier this month by private equity firms and banks for an incredible $25 billion, 50 percent premium over Sallie Mae’s stock price.

Financial specialists know how profitable lenders such as Sallie Mae are because of the large Government subsidies these companies receive subsidies of more than a billion dollars last year. As Congress moves forward with reauthorizing the Higher Education Act, we must look closely at this industry and its practices to ensure that America’s students are the ones being served, not just the bottom lines of America’s lenders.

Mr. Nocera, a Times business columnist and former editorial director of Fortune magazine, is widely respected and has won numerous awards for excellence in business journalism. I believe his column will be of interest to all of us in Congress, as we consider the reauthorization of the Higher Education Act, and I ask unanimous consent that his article, “Sallie Mae Offers a Lesson in Cashing In,” 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 Times, Apr. 21, 2007]

SALLIE MAE OFFERS A LESSON ON CASHING IN

By Joe Nocera

Aren’t you just jiving about that Sallie Mae deal?

The company, formally known as the SLM Corporation, which has been the subject of recent exposes and investigations, announced this week that it had agreed to be taken private in a deal worth $25 billion. The stock, which has been in a slow decline over the last year, leapt. The market was pleased.

But I’m here to tell you that the deal stinks, though not in the usual “manage- ment and private equity are stealing your company” kind of way. You’re free to disagree, of course, though if you do, you’re probably not struggling to put your children through college.

Sallie Mae is the nation’s largest student lender; indeed, it dominates the business. It has the biggest share of government-guaran- teed student loans last year alone. In 2006, it also generated $7.4 billion in “private” loans; that is,
loans that aren’t guaranteed, but which students need because their tuition, room and board so far exceeds the pathetic $23,000 the government guarantees over the course of an undergraduate education.

The most popular government-guaranteed loans come with interest rate caps (currently 6.8 percent) and also have certain non-negotiable advantages for Sallie Mae and its competitors. They are subsidized by the Department of Education. The government makes the lenders nearly whole, even if the student defaults. And the companies are guaranteed by law a decent rate of return.

In other words, the lender takes no risk. The profit is pure gravy, because companies can charge whatever interest rate they want—not to mention all kinds of fees. In all, Sallie Mae originated more than 25 percent of the student loans made last year. But wait. There’s more. Sallie Mae buys loans from other education lenders and then securitizes them. It has a loan consolidation business, so students can wrap all their education loans into one big fat Sallie Mae loan. It even has its own collection agency so it can keep track of those borrowers who are delinquently repaying. (Government-guaranteed college loans, by the way, aren’t easily discharged if the borrower files for bankruptcy.)

Sallie Mae’s market clout allows it to close ties with university financial aid administrators, as we’ve been learning lately from Jonathan D. Glater, a reporter for The New York Times, and of course is immensely profitable. In 2006, the company made over $1 billion.

Thus, you can’t blame the private equity guys for drooling over Sallie Mae. They look at the company, and the arena in which it plays, and they see never-ending tuition increases and demand for additional financial aid that will only increase in importance. Most cash-short students and middle-class parents will continue to borrow lots of money to pay the $100,000 to $150,000 required to attend a good college. Although the Democrats want to cut the subsidies for government-backed loans, and lower the interest rate caps, the more lucrative private market is going to continue to explode. No wonder the private equity firms of J. C. Flowers & Company and Friedman Fleischer & Lowe were willing to offer Sallie Mae’s chairman a $50 million bonus right after his decision to take the company private stemmed from his frustration with “the politicians” whose decisions were hurting Sallie’s share price. These are the same people, of course, who have passed laws that made Sallie’s business possible. But never mind.

I didn’t see our share price rebounding anytime soon and I said, ‘This is silly.’” Mr. Lord told the paper. Mr. Lord added that when the buyout is complete and he leaves the company, he’ll walk away with a $35 million payout. Are you mad yet?

THE VISIT OF PRIME MINISTER SHINZO ABE

Mr. OBAMA. Mr. President, today I extend my welcome to Prime Minister Shinzō Abe of Japan, who is making his first trip to the United States as Prime Minister this week.

The U.S.-Japan alliance has been one of the great successes of the postwar era, and Japan’s remarkable achievements are a testament to the principles that guided our closest allies, the U.S. and Japan, have a shared interest in promoting security and prosperity in Asia and around the world—shared interests that rest on a bedrock of shared values: in democracy, the rule of law, human rights, and free markets.

As one of America’s closest allies, Japan today plays a vital role in working with the United States in maintaining regional security and stability, promoting prosperity, and meeting the new security challenges of this 21st century.

Japan’s role in the Six Party Talks—supporting efforts to persuade North Korea to abandon its nuclear weapons program and return to the non-proliferation treaty and IAE safeguards—has been essential. And beyond North Korea, Japan today is clearly playing a leading role in the architecture of the Asia-Pacific region, including participating in peace keeping operations, and...