On Sunday, Speaker GINGRICH stated that the Republican Medicare cuts would mean only $7 dollars in increased monthly premiums for Medicare recipients. But, the Republican-controlled Congressional Budget Office disagrees with the Speaker's new math. In fact, the CBO says that seniors will pay $56.50 more each month, not the $7 the Speaker claims.

But, my colleagues on the other side of the aisle have developed a new accounting device called unspecified future cuts. Unspecified future cuts means that Republicans can claim $80 billion in savings, without telling the American people where that money is coming from.

It is time for the Republican leadership to stop playing games and to come clean with the American people about its plan to cut $270 billion from Medicare to pay for a tax cut to the wealthy.

## COMMUNICATION FROM THE CHAIRMAN OF THE DEMOCRATIC CAUCUS

The SPEAKER pro tempore (Mr. SHAYS) laid before the House the following communication from the Honorable VIC FAZIO, chairman of the Democratic Caucus:

DEMOCRATIC CAUCUS,
HOUSE OF REPRESENTATIVES,
*September 5, 1995.*

Hon. NEWT GINGRICH,
*Speaker, House of Representatives, Washington, DC.*

DEAR MR. SPEAKER: This is to inform you that Representative W.J. (BILLY) TAUZIN is no longer a member of the Democratic Caucus.

Sincerely,

VIC FAZIO,
*Chairman.*

## COMMUNICATION FROM THE SPEAKER OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Speaker of the House of Representatives:

THE SPEAKER'S ROOMS,
HOUSE OF REPRESENTATIVES,
*Washington, DC, September 6, 1995.*

Hon. THOMAS J. BLILEY, Jr.,
*Chairman, Committee on Commerce, Rayburn House Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: This is to advise you that Representative W.J. (BILLY) TAUZIN's election to the Committee on Commerce has been automatically vacated pursuant to clause 6(b) of rule X, effective today.

Sincerely,

NEWT GINGRICH.

## COMMUNICATION FROM THE SPEAKER OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Speaker of the House of Representatives:

THE SPEAKER'S ROOMS,
HOUSE OF REPRESENTATIVES,
*Washington, DC, September 6, 1995.*

Hon. DON YOUNG,
*Chairman, Committee on Resources, Longworth House Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: This is to advise you that Representative W.J. (BILLY) TAUZIN's election to the Committee on Resources has been automatically vacated pursuant to clause 6(b) of rule X, effective today.

Sincerely,

NEWT GINGRICH.

## ELECTION OF MEMBER TO COMMITTEE ON COMMERCE AND COMMITTEE ON RESOURCES

Mr. BOEHNER. Mr. Speaker, pursuant to direction of the Republican Conference, I call up a privileged resolution (H. Res. 217) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 217

*Resolved,* That the following named Member be, and he is hereby, elected to the following standing committees of the House of Representatives:

Committee on Commerce: Mr. Tauzin of Louisiana, to rank following Mr. Moorhead of California.

Committee on Resources: Mr. Tauzin of Louisiana, to rank following Mr. Young of Alaska.

The resolution was agreed to.

A motion to reconsider was laid on the table.

## COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,
HOUSE OF REPRESENTATIVES,
*Washington, DC, September 12, 1995.*

Hon. NEWT GINGRICH,
*The Speaker, House of Representatives, Washington, DC.*

DEAR MR. SPEAKER: Pursuant to the permission granted in clause 5 of rule III of the Rules of the U.S. House of Representatives, I have the honor to transmit a sealed envelope received from the White House on Friday, September 8, 1995 at 4:05 p.m. and said to contain a message from the President whereby he transmits a revised deferral of budgetary resources for the International Security Assistance program.

With warm regards,

ROBIN H. CARLE,
*Clerk,*
*U.S. House of Representatives.*

## REVISED DEFERRAL OF BUDGETARY RESOURCES—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 104–114)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Appropriations and ordered to be printed:

*To the Congress of the United States:*

In accordance with the Congressional Budget and Impoundment Control Act of 1974, I herewith report one revised deferral of budgetary resources, totaling $1.2 billion.

The deferral affects the International Security Assistance program.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 8, 1995.*

## ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, the Chair announces that he will postpone further proceedings today on the motion to suspend the rules under which a recorded vote or the yeas and nays are ordered or on which a vote is objected to under clause 4 of rule XV.

Such rollcall vote, if postponed, will be taken later in the day.

## PERMISSION FOR CERTAIN COMMITTEES AND THEIR SUBCOMMITTEES TO SIT TODAY DURING 5-MINUTE RULE

Mrs. MEYERS of Kansas. Mr. Speaker, I ask unanimous consent that the following committees and their subcommittees be permitted to sit today while the House is meeting in the Committee of the Whole House under the 5-minute rule:

The Committee on Commerce, the Committee on Government Reform and Oversight, the Committee on the Judiciary, the Committee on Resources, the Committee on Science, and the Permanent Select Committee on Intelligence.

It is my understanding that the minority has been consulted and that there is no objection to these requests.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Kansas?

There was no objection.

## SMALL BUSINESS CREDIT EFFICIENCY ACT OF 1995

Mrs. MEYERS of Kansas. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2150) to amend the Small Business Act and the Small Business Investment Act of 1958 to reduce the cost to the Federal Government of guaranteeing certain loans and debentures, and for other purposes, as amended.

The Clerk read as follows:

H.R. 2150

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Small Business Credit Efficiency Act of 1995''.

**SEC. 2. FEE FOR LOAN GUARANTEES SOLD ON SECONDARY MARKET.**

Section 5(g)(4)(A) of the Small Business Act (15 U.S.C. 634(g)(4)(A)) is amended by striking ''$^{4}/_{10}$ of one percent'' and inserting ''one-half of 1 percent''.

**SEC. 3. GENERAL BUSINESS LOANS.**

(a) REDUCED LEVEL OF PARTICIPATION IN GUARANTEED LOANS.—Section 7(a)(2) of the

Small Business Act (15 U.S.C. 636(a)(2)) is amended to read as follows:

''(2) LEVEL OF PARTICIPATION IN GUARANTEED LOANS.—

''(A) IN GENERAL.—In agreements to participate in loans on a deferred basis under this subsection, such participation by the Administration shall be—

''(i) equal to 80 percent of the balance of the financing outstanding at the time of disbursement if such financing is less than or equal to $100,000; and

''(ii) equal to 75 percent of the balance of the financing outstanding at the time of disbursement if such financing is greater than $100,000.

''(B) REDUCED PARTICIPATION.—The guarantee percentage specified by subparagraph (A) for any loan may be reduced upon the request of the participating lender. The Administration shall not use the percent of guarantee requested as a criterion for establishing priorities in approving guarantee requests.

''(C) INTEREST RATE UNDER PREFERRED LENDERS PROGRAM.—The maximum interest rate for a loan guaranteed under the Preferred Lenders Program shall not exceed the maximum interest rate, as determined by the Administration, which is made applicable to other loan guarantees under this subsection.

''(D) PREFERRED LENDERS PROGRAM DEFINED.—In this paragraph, the term 'Preferred Lenders Program' means a program under which a written agreement between the lender and the Administration delegates to the lender—

''(i) complete authority to make and close loans with a guarantee from the Administration without obtaining the prior specific approval of the Administration; and

''(ii) authority to service and liquidate such loans.''.

''(b) GUARANTEE FEES.—Section 7(a)(18) of the Small Business Act (15 U.S.C. 636(a)(18) is amended to read as follows:

''(18) GUARANTEE FEES.—

''(A) GENERAL FEE.—For any loan or financing made under this subsection other than a loan repayable in a period of one year or less, the Administration shall collect a guarantee fee equal to—

''(i) 2 percent of the gross amount of any loan guaranteed under this subsection of an amount less than $250,000;

''(ii) 2.5 percent of the gross amount of any loan guaranteed under this subsection of an amount equal to or greater than $250,000 and less than $500,000; or

''(iii) 3 percent of the gross amount of any loan guaranteed under this subsection of an amount equal to or greater than $500,000.

Such fee shall be payable by the participating lending institution and may be charged to the borrower.

''(B) ADDITIONAL FEE TO OFFSET COST.—

''(i) IN GENERAL.—In addition to the guarantee fee to be collected under subparagraph (A), the Administration shall collect a fee for loans guaranteed under this subsection (other than loans for which a guarantee fee may be collected under section 5(g)(4)(A)) in an amount equal to not more than four-tenths of 1 percent per year of the outstanding principal portion of such loan guaranteed by the Administration.

''(ii) USE.—Fees collected under clause (i) shall be used solely to offset the cost (as defined by section 502(5) of the Congressional Budget Act of 1974) of guaranteeing loans under this subsection.

''(iii) PAYMENT.—Fees collected under clause (i) shall be payable by the participating lending institution and shall not be charged to the borrower.''.

(c) REPEAL OF PROVISIONS ALLOWING RETENTION OF GUARANTEE FEES BY LENDERS.—Section 7(a)(19) of the Small Business Act (15 U.S.C. 636(a)(19)) is amended—

(1) in subparagraph (B)—

(A) by striking ''shall (i) develop'' and inserting ''shall develop''; and

(B) by striking '', and (ii)'' and all that follows before the period at the end; and

(2) by striking subparagraph (C).

**SEC. 4. MODIFICATION TO DEVELOPMENT COMPANY DEBENTURE PROGRAM.**

(A) MAXIMUM LOAN AMOUNT.—Section 502(2) of the Small Business Investment Act of 1958 (15 U.S.C. 696(2)) is amended to read as follows:

''(2) Loans made by the Administration under this section shall be limited to $1,250,000 for each such identifiable small business concern.''.

(b) FEE TO OFFSET COST.—Section 503(b)(3) of the Small Business Investment Act of 1958 (15 U.S.C. 697(b)(3)) is amended by inserting before the semicolon the following: ''and includes a one-eighth of 1 percent fee which shall be paid to the Administration and which shall be used solely to offset the cost (as defined by section 502(5) of the Congressional Budget Act of 1974) of guaranteeing the debenture.''.

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from Kansas [Mrs. MEYERS] will be recognized for 20 minutes, and the gentleman from Illinois [Mr. POSHARD] will be recognized for 20 minutes.

The Chair recognizes the gentlewoman from Kansas [Mrs. MEYERS].

Mrs. MEYERS of Kansas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 2150, the Small Business Credit Efficiency Act of 1995. H.R. 2150 is a simple piece of legislation. The purpose of the bill is to adjust the fees and guarantee levels of the loan programs found in section 7(a) of the Small Business Act and section 503 of the Small Business Investment Act of 1958 thereby lowering the credit subsidy rate and the cost of both programs.

H.R. 2150 accomplishes this through a few basic changes:

For the section 7(a) program it increases the annual fee charged to the lenders who sell the guaranteed portion of their 7(a) loans on the secondary market from 0.4 percent of the outstanding principal balance of the guaranteed portion to 0.5 percent. The bill also establishes a 0.4 percent annual fee on the outstanding principal of all 7(a) guaranteed loans that are not sold into the secondary market.

H.R. 2150 will also reduce and simplify the amount of guarantee offered through the 7(a) program. The guarantee percentage will now be no more than 80 percent of any loan up to $100,000 and no more than 75 percent of any loan above $100,000.

This will significantly simplify the current system where loans under $155,000 are guaranteed up to 90 percent; loans over $155,000 are guaranteed up to 85 percent; and loans from preferred lenders are guaranteed at 70 percent.

Finally, H.R. 2150 increases the guarantee fees charged on guaranteed loans. The current fee is 2 percent of the guaranteed portion of all loans. The fees will now increase to 2 percent of the gross amount of any loan below $250,000; 2.5 percent of any loan between $250,000 and $500,000; and 3 percent of any loan above $500,000. H.R. 2150 also ends the practice of allowing lenders to keep one-half of the guarantee fees on certain loans.

In the section 504 development company program H.R. 2150 will increase the total loan amount available from $750,000 to $1,250,000 and add a one-eighth of 1 percent fee to the cost of all loans made by a Certified Development Company under this program. This fee is to be passed on directly to the Small Business Administration to eliminate the subsidy rate.

Mr. Speaker, the changes proposed in H.R. 2150 are estimated to lower the credit subsidy rate for the 7(a) program to 1.06 percent. CBO estimates that these changes will result in only $327 million in outlays over the next 5 years, instead of $582 million a decrease of $255 million. Those figures are based on appropriations that would fully fund these programs, and in fact, the actual outlays will probably be less.

Let me give my colleagues some more concrete figures—at the House-passed 1996 appropriations level of $104.5 million the Small Business Administration will be able to guarantee $9.8 billion in 7(a) loans. This is an additional $2 billion in loan guarantees for $110.6 million fewer than fiscal year 1995, and $85.2 million below the President's budget request.

The changes also lower the subsidy rate on the 504 development company program to zero. This means this program will operate without the need for any appropriated funds. The 504 program already functions in a nearly privatized state and the committee has decided to go the final distance. This change represents an $8 million savings over the 1995 appropriation. So in fiscal year 1996 the 504 program will be able to offer $2.6 billion in loan guarantees for zero appropriated dollars.

In sum, H.R. 2150 will allow us to provide $12.5 billion in loan guarantees for small business in fiscal year 1996; $3.3 billion more in total assistance for $118.6 million less in appropriations.

Mr. Speaker, these changes come in the face of growing demand for small business credit assistance through the SBA's section 7(a) and section 504 loan programs.

As the number of persons who enter our Nation's economy as small business owners increases, the availability of credit continues to fall short. Our committee's hearings have regularly pinpointed overregulation of the banking industry as one of the root causes of this shortage. However, despite the administration's attempts at reducing and easing banking regulation the demand for the services of the SBA's loan programs continue to rise.

Over the years there have been numerous supplemental appropriations for the 7(a) and 504 business loan programs. The most recent occurred in

1993 when the SBA received a $175 million appropriation that nearly doubled the 1993 appropriation for the 7(a) loan program.

However, the committee recognizes that supplemental appropriations and liberal use of the taxpayer's dollars are things of the past. Fiscal responsibility dictates that we reduce the credit subsidy rate of the section 7(a) program and the section 504 program in order to enable the Small Business Administration to meet the needs of our Nation's small businesses and operate at a minimal cost to the taxpayer.

Mr. Speaker, H.R. 2150 meets both those goals. I urge my colleagues to support this bill, the small business men and women it will help, and the fiscally responsible fashion in which it helps them.

□ 1240

Mr. POSHARD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of H.R. 2150, the Small Business Credit Efficiency Act, because I believe it will allow the Small Business Administration to better meet the loan demands of our country's growing small business community. This bill passed the Small Business Committee by voice vote last month, because the committee recognizes the importance of providing small business owners and entrepreneurs the opportunity to create jobs and spur economic growth in many areas of America which are facing challenging and often difficult economic times.

The SBA's 7(a) and 504 loan programs demonstrate the importance of the SBA in providing financial assistance to our small business community. In my congressional district, located in central and southern Illinois, the multitude of successes these two loan programs have had can be seen throughout many of our rural towns and local business districts. From the construction company in Marion, IL to the Greenhouse Nursery in Sullivan, the SBA has provided important opportunities to hundreds of my constituents through its loan program services.

As Congress works to balance the Federal budget, it is important we make Government work better and smarter for the people it serves, and that is what I believe we are doing here today. By adjusting the guarantee levels and fees for 7 (a) and 504 loans, we make these SBA programs available to a greater number of potential borrowers. In addition, we reduce the amount of appropriations needed to fund SBA loan guarantees by a total of $255 million over 2 years, while still maintaining the attractiveness of the SBA's many loan programs to the small business and financial communities.

In closing, I want to thank the gentlewoman from Kansas [Mrs. MEYERS] for her leadership in bringing this important legislation before the Small Business Committee. Thanks should also go to the ranking Democrat member, the gentleman from New York [Mr. LAFALCE] for his work on this bill. I strongly believe the changes we are making in these two important loan programs will allow Congress and the SBA to meet the needs of our small business owners more effectively and responsibly.

Mr. Speaker, I yield 4 minutes to the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Mr. Speaker, I rise, with some reluctance, in support of this bill. My reluctance grows out of the fact that, because this measure is on the Suspension Calendar, the ranking minority member, Mr. LAFALCE, will not be able to offer a perfecting amendment. His amendment was cooperatively withdrawn to allow time for a hearing on it, so that the markup of the bill could proceed. Just before the recess, the full committee marked up H.R. 2150, the Small Business Credit Efficiency Act of 1995.

At that time, Mr. LAFALCE introduced an amendment that would restore to 90 percent the amount of a guarantee on financing for 1 year or less under the Small Business Administration's Export Working Capital Guarantee Program. The SBA 7(a) Program is designed to provide greater access to capital for the small business. It is the startup and expansion for primary loan guarantee program for those small businesses seeking commercial loans of $750,000 or less. Without the SBA loans many smaller businesses would not have an opportunity. Minorities and women are prime b eneficiaries of this loan guarantee program, as well as small exporters. The program has grown over the last 5 years. For fiscal year 1995, the SBA is expected to handle some 56,000 loans, totaling $7.8 billion. the SBA serves as a facilitator and guarantees a percentage of a loan a small business might arrange with a commercial lending insitution.

The bill, H.R. 2150, is designed to increase the leverage of Government dollars against private dollars and to reduce the subsidy rate for the 7(a) program to approximately 1 percent. This is accomplished in several ways, by increasing the fees for loans sold; by reducing the guarantee on loans; by changing the guarantee fee on loans; by repealing the provision that allows lenders to retain half the fee on small and rural loans; and by other methods. This bill is important, and I support it. But, I also supported the LaFalce amendment because I believe it was consistent with the thrust and spirit of H.R. 2150, while at the same time insuring that the goals of the 7(a) program are met. The LaFalce amendment was about a policy with which financial institutions, the Government and participants alike have become familiar and support.

Considerable resources have been committed over the past year by both SBA and the Ex-Im Bank in an effort to make the program work. Much of that effort will be lost with an abrupt, unnecessary change at this point. The Export Working Capital Guarantee Program is vital to women, minorities including small exporters. We should keep it working. Nonetheless, Mr. Speaker, I urge my colleagues to support this bill.

Mr. POSHARD. Mr. Speaker, I yield 4 minutes to the gentleman from Texas [Mr. BENTSEN].

(Mr. BENTSEN asked and was given permission to revise and extend his remarks.)

Mr. BENTSEN. Mr. Speaker, I rise in strong support of this bill, and I want to thank Chairman MEYERS and ranking member LAFALCE for their work in drafting this legislation. This bill will help meet the growing demand for small business capital, while reducing the cost to the taxpayers.

Since 1992, the demand for the Small Business Administrations 7(a) and 504 Loan Guaranty Programs has increased considerably, and the SBA has experienced difficulty in meeting this demand. The SBA requested that legislation be enacted to decrease the credit subsidy rate of the 7(a) Loan Guaranty Program, and the 504 Equipment Lease Program. The Small Business Committee has responded quickly by drafting the bill we have before us today.

The legislation will reduce the taxpayer subsidy necessary to fund the loan loss reserve by $253 million in both fiscal years 1996 and 1997. Rather than rely on annual appropriations, the 7(a) and the 504 Loan Guaranty Programs will generate income from lender and borrower fees similar to the private market.

This will eliminate the chronic quarterly funding shortfalls that have plagued the programs in recent years, particularly the 7(a) program. This bill adjusts the guaranty levels and fees of the 7(a) and 504 Loan Programs in order to reduce the SBA's loan subsidy rate.

This is an important first step in restructuring the SBA Loan Guaranty Program to increase the pool of capital available for small business. By ultimately eliminating the taxpayer subsidy and making these programs self-sufficient, we should also be able to increase that pool and thus capital infusion into America's small businesses. This legislation will result in an increase in the amount guaranty, and thus capital.

I urge the committee to raise and eventually lift the loan guaranty cap once it can be determined that the programs are truly self financing and creditworthy.

This transformation would result in a fannie-mae-like small business guaranty entity resulting in an increased secondary market, and thus greater capital, allowing more businesses to grow and create new jobs.

What the 7(a) and 504 programs are about is not the lending of capital, but the lending of credit in order to raise capital for those companies which cannot otherwise obtain such credit or afford the cost due to size. This is a good

program because it provides for a hand up, not a hand out.

By removing the taxpayer subsidy, providing for self generating loan loss reserve with strong creditworthiness, and lifting the cap we can safely expand the pool of capital. I pledge to work with my chair, Mrs. MEYERS, and ranking member, Mr. LAFALCE, to further address this issue in the SBA reauthorization bill and put us on the path toward a privitized, secondary market corporation to raise capital to fund the growth of America's small businesses.

Mrs. MEYERS of Kansas. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts [Mr. TORKILDSEN], who is chairman of the Subcommittee on Government Programs of the Committee on Small Business.

Mr. TORKILDSEN. Mr. Speaker, I thank the gentlewoman from Kansas [Mrs. MEYERS] for yielding this time to me. I want to applaud the effort of the gentlewoman from Kansas, the chairman of the full committee, for the great work she has done in getting this bill to the floor today.

Mr. Speaker, we are looking at reauthorizing the 7(a) program, and many people will understand the importance of it, but, just to reiterate, the 7(a) program is the principal, certainly not the only, but the principal, lending program, or guarantee program, of the Small Business Administration. This year, because we are looking at the very important objective of balancing the budget, we have to look at all areas for reducing spending. Under the leadership of the gentlewoman from Kansas [Mrs. MEYERS] we are going to see the subsidy rate reduced from 2.73 percent to 1.06, a very substantial reduction, and, because of that, we are going to see an additional $2 billion being lent, although the amount that taxpayers are going to contribute to this is going to be less than half what it is right now. That is a very substantial savings for the taxpayers. It is also a very substantial increase in loans that are going to be made.

Because of this revised 7(a) program, another issue that was brought up was the nature of whether or not to change the guaranteed percentage for the Exim, for foreign assistance or export loans. Currently that is 90 percent. Under this bill that will be reduced to 75 percent and the reason for loans over $100,000. And the reason for that is we wanted some consistency. Under the old program, depending on what one used their loan program for, they might have a different guarantee percentage than over a different loan. We thought that was unfair. We thought that individuals who are seeking to create jobs in the United States should be able to see a consistent guarantee percentage whether they use that loan for exports or for other purposes that are going to create jobs in the United States. Because of that consistency, and also because of that slight reduction in the amount of loan being guaranteed through, we are able to offer more loans to more people and, again, at less cost to the taxpayers.

So, Mr. Speaker, this bill, I think, is a win-win situation. It is a win for Americans as taxpayers. It is a win for Americans as people who want to work and create jobs. So, I hope the bill is suspended, the rules are suspended, and the bill is passed. It is a terrific bill, and it deserved the support of Members.

Mr. POSHARD. Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. LAFALCE], the ranking Democrat member of the Committee on Small Business.

(Mr. LAFALCE asked and was given permission to revise and extend his remarks.)

Mr. LAFALCE. Mr. Speaker, I rise in support of this legislation, the Small Business Credit Efficiency Act of 1995, and I ask unanimous consent to revise and extend my remarks.

Mr. Speaker, this legislation addresses a very important need—to stretch very few Federal dollars being provided to the Small Business Administration, or SBA, to carry out the loan guarantee programs it administers.

SBA's budget in the current fiscal year apparently will be sufficient to permit the Agency to meet loan requests for both 7(a) loan guarantees and for development company financings during the remainder of this month. Previously, we thought the programs would run out of funding before the end of the year, however, the Agency has administratively reduced 7(a) loan eligibility by capping the maximum amount of a loan which the Agency will guarantee by less than one-half of the statutory amount and, more recently, by prohibiting the use of loan proceeds to repay existing indebtedness. These actions have reduced demand substantially.

This bill would stretch the reduced amount of funding for the 7(a) program beginning in fiscal year 1996 by reducing the cost of delivering the financial assistance. This would be done by reducing the percentage of loss which the SBA would agree to pay in the event of default on a 7(a) loan, and also by charging more fees to the borrower and to the lender.

I do not favor either of these changes. I believe that these changes will result in some small firms being unable to obtain financing. I also believe that the added cost of debt service on new borrowers may cause some of them to default and lose their businesses and their savings.

But, under the budget levels Congress has adopted, we do not have any choice.

The bill also slightly stretches funding for the 504 or development company loan program by slightly increasing the fees. These increases are minimal, however, and most importantly will make the program self supporting.

We cannot assert this about the changes being proposed for 7(a) loans. We have a very difficult decision to make. Either we can increase fees and decrease Federal reimbursements, or we can continue the current program and only be able to approve some 30 percent of the loan applications we receive.

Thus, with reluctance, I support this bill, including its provisions which substantially increase fees under the 7(a) program, while at the same time reducing the Government guarantee.

I must point out, however, one change which I believe is a serious mistake. The bill reduces the maximum Government guarantee to between 75 and 80 percent, depending upon the size of the loan. I accept the necessity to do this except as to working capital loans for export purposes. I believe these loans need a 90 percent guarantee, and we could provide it at minimal cost.

SBA has historically offered loan programs to finance exports, but the programs have been little used. Several years ago, SBA and the Export-Import Bank decided to rework their loan programs to make them more useful.

They did so and only last year Congress approved this agreement and statutorily authorized SBA to issue guarantees for 90 percent of the loan amount, whereas other loans would be made at slightly lower rates. I would note that there was no dissent to this proposal. In fact, the Members applauded it as it would encourage exports.

As a result, beginning with the start of this fiscal year, SBA began guaranteeing up to $750,000 at 90 percent and Eximbank began providing 90 percent guarantees on larger amounts.

The results have been promising. Even though the year is not over, SBA has already approved 132 export working capital loans worth $44.3 million, an amount double last year's level.

I believe that it is a bad mistake to remove the Federal incentive, that is, the existing higher guarantee rate, for companies needing to finance export contracts.

Last week the Small Business Committee held a hearing on this precise question. The witnesses were unanimous in stressing the benefits and advisability of continuing these export loans at the 90 percent rate.

But the bill takes the opposite approach and provides no exception for export loans. I believe this is a serious mistake and we will come to realize this when program usage seriously declines, along with a concomitant decline in exporting by small business.

Nonetheless, I support this bill as being the best we can do under the circumstances. I hope that we will soon recognize that we can and must do more to support small business, and that this anticipated recognition will result in a change in our legislative priorities.

□ 1300

Mrs. MEYERS of Kansas. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I would just like to say in response to the gentleman from New York [Mr. LAFALCE] that I have appreciated very much the cooperation of the minority on this bill, and particularly of the gentleman from New York [Mr. LAFALCE] and the gentleman from Illinois [Mr. POSHARD].

Mr. Speaker, I philosophically do not think the Government should guarantee small business loans as high as 90 percent, but I did not want to make that determination in committee. We did have a hearing on this, with two of our subcommittees meeting together, and there was not a consensus in there that we should depart from the 80 percent and 75 percent that we have in the bill. So I am very, very pleased. I am sorry about the concern the gentleman expressed, but I am very pleased for his support for the bill.

GENERAL LEAVE

Mrs. MEYERS of Kansas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 2150, as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Kansas?

There was no objection.

Mr. POSHARD. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mrs. MEYERS of Kansas. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SHAYS). The question is on the motion offered by the gentlewoman from Kansas [Mrs. MEYERS] that the House suspend the rules and pass the bill, H.R. 2150, as amended.

The question was taken.

Mr. POSHARD. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of no quorum is considered withdrawn.

## PROVIDING FOR CONSIDERATION OF H.R. 1594, RESTRICTIONS ON PROMOTION BY GOVERNMENT OF USE OF EMPLOYEE BENEFIT PLANS OF ECONOMICALLY TARGETED INVESTMENTS

Mr. LINDER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 215 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 215

*Resolved*, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for consideration of the bill (H.R. 1594) to place restrictions on the promotion by the Department of Labor and other Federal agencies and instrumentalities of economically targeted investments in connection with employee benefit plans. The first reading of the bill shall be dispensed with. General debate shall be confined to the bill and shall not exceed two hours equally divided and controlled by the chairman and ranking minority member of the Committee on Economic and Educational Opportunities. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Economic and Educational Opportunities now printed in the bill. Each section of the committee amendment in the nature of a substitute shall be considered as read. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Georgia [Mr. LINDER] is recognized for 1 hour.

(Mr. LINDER asked and was given permission to include extraneous material.)

Mr. LINDER. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Ohio [Mr. HALL], pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 215 is a completely open rule providing for the consideration of H.R. 1594, the Pension Protection Act. This rule provides for 2 hours of general debate divided equally between the chairman and ranking minority member of the Committee on Economic and Educational Opportunities, after which any Member will have the opportunity to offer an amendment to the bill under the 5-minute rule.

It shall be in order to consider as an original bill for amendment under the 5-minute rule the amendment in the nature of a substitute recommended by the Committee on Economic and Educational Opportunities, and each section shall be considered as read. The rule also provides one motion to recommit, with or without instructions, as is the right of the minority.

I am pleased this bill will be considered under an open rule, and I believe that 2 hours of general debate and an open amending process will assure that the legislation in question undergoes thorough deliberation in the House. The rule makes every effort to engender open debate and assures all Members the opportunity to modify this legislation on the House floor.

House Resolution 215 allows for the consideration of H.R. 1594, legislation that will prohibit Federal agencies from encouraging private pension plans to invest in economically targeted investments. This bill also benefits the American taxpayers by saving over $½ million by appropriately abolishing the clearinghouse hired by the Labor Department to encourage investments in ETI ventures.

While ERISA requirements state that a fiduciary must manage funds solely for the benefit of the plan's participants, Interpretive Bulletin 94–1 sanctions the administration's gambling of trillions of dollars in pension assets in exchange for incidental social welfare benefits. The promotion of these political investments is truly government irresponsibility at its worst.

As a cosponsor of this legislation, I have long believed that the ETI plan is among the worst ideas to come out of the Clinton administration. Studies done on targeted social investments demonstrate that they are extremely risky and yield much lower returns than conventional pension investments. We guarded seniors from socialized health care last year; we will work to save Medicare in the coming months; and I look forward today to safeguarding their pensions with the passage of H.R. 1594.

Mr. Speaker, this legislation will assure that the pensions of millions of Americans will be managed solely for the exclusive purpose of providing benefits to pension participants. H.R. 1594 was favorably reported out of the Committee on Economic and Educational Opportunities, as was the open rule by the Rules Committee. I urge my colleagues to support this open rule, so that we may proceed with consideration of this important legislation.

Mr. Speaker, for the RECORD I include the following material:

THE AMENDMENT PROCESS UNDER SPECIAL RULES REPORTED BY THE RULES COMMITTEE,[1] 103D CONGRESS V. 104TH CONGRESS

[As of September 8, 1995]

| Rule type | 103d Congress | | 104th Congress | |
|---|---|---|---|---|
| | Number of rules | Percent of total | Number of rules | Percent of total |
| Open/Modified-open[2] | 46 | 44 | 43 | 73 |
| Modified Closed[3] | 49 | 47 | 14 | 24 |
| Closed[4] | 9 | 9 | 2 | 3 |