

Fact: In order to balance the budget, Congress does not increase loan origination fees.

Fact: In order to balance the budget, Congress does not cut college work study.

Fact: In order to balance the budget, Congress does not cut supplemental education opportunity grants.

Fact: In order to balance the budget, Congress does not cut the TRIO program.

Fact: The President continues to claim that the direct student loan program saves the taxpayers \$5.2 billion, while lowering interest rates and fees to students. But the Congressional Budget Office, who the President said we should listen to, says that the direct student loan program costs taxpayers over \$1.5 billion, adding to the Niagara-size leak in Federal spending.

Mr. Speaker, I did not pick this fight on direct lending. I was here to cooperate, as we generally do on education issues. No one from the White House has ever contacted me in relationship to direct lending. What we said in direct lending was we would do a pilot program, and we would do a pilot program to see at the end of perhaps 7 years what is the best approach to the student loan program.

All of a sudden, the budget comes up from the White House, 2-year budget, direct lending, 100 percent in 2 years. We will not find out for 7 years whether anybody had the ability to collect. Oh, it is easy. Certainly certain universities and colleges love this business. All they have to do is give out the money. Who collects it? The Department of Education? I would be surprised if that would be successful.

But we are willing to do the pilot program. We did not change the rules. We did not change the direction we were going.

Fact: The Federal deficit results in up to a 2-percent higher interest rate for all Americans, including students.

Mr. Speaker, I want to get the facts straight so that the American people will not be frightened by scare tactics.

#### FACTS ON STUDENT LOANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from West Virginia [Mr. WISE] is recognized for 5 minutes.

Mr. WISE. Mr. Speaker, I appreciate the opportunity to address the House. I was listening to the distinguished chairman, and I just have to present the counterpoint to that, because I think this is going to be one of the most important issues that this Congress joins on the issue of student loans. I know that I participated in a rally this week at West Virginia University, and I am afraid that people are not quite as sanguine there about what the implications are. I am glad to hear some of the statements that were made, but, at the same time, I think we also ought to talk about what the implications are of this decision.

I know when I first raised these concerns just a few months ago, I was dismissed by those on the other side as well. There are no cuts intended. We know now, of course, that is not the case.

Let us talk about, for instance, what the elimination of deferral of interest even for graduate students can mean. It is estimated it can cost starting \$6,000 adding to the lifetime cost of a loan and go up past that. Certainly someone trying to go to medical school or some of the other graduate level professions can incur large costs.

But let me say this: I heard a lot about balancing the budget. We are talking about \$10 billion. I have had it up to here with everybody who wants to balance the Federal budget and then points to the family budget, and meanwhile they are unbalancing that. In West Virginia the tax cut proposed yields that much. You cannot see it, because it is 2 dimes; 20 cents a day is what the average cut will yield to two-thirds of the taxpayers in West Virginia. To those making over \$100,000 a year, it will bring \$7 a day. I do not have enough dollar bills to put in this hand to make the \$7 a day.

What will be lost for a middle-income person, the student loan, for instance, it will be their ability to defer that interest that will be lost. What do we lose as a Federal Government? What do we lose as a Treasury? What do we lose as a society? What do we lose as an economy, besides the fact we may lose that student who might have found the cure for AIDS, or opened up the primary care clinic in rural West Virginia.

What we will lose as well is we will lose the ability of many people who are in college, if they are college graduates, to earn on the average 60 percent more than the non-4-year graduate. We will lose their ability. Yes, I understand we have been assured this will not affect the undergraduate student.

Where do the rest of the cuts come from? It is \$10 billion, of which I understand \$3 billion comes from the graduate student provision. Where does the rest come from, if it is so halcyon?

Mr. MCKEON. Mr. Speaker will the gentleman yield?

Mr. WISE. I yield to the gentleman from California.

Mr. MCKEON. Mr. Speaker, I really appreciate the opportunity to engage in this dialog, because what the gentleman is saying just is not true. I think it is probably just because the gentleman has not had a chance to see our proposal. But there is no elimination of the in-school interest subsidy for graduate students or undergraduate students.

Mr. WISE. The gentleman is now saying you are not going to affect the interest deferral on either graduate or undergraduate?

Mr. MCKEON. Correct.

Mr. WISE. Where do you make up your \$10 billion?

Mr. MCKEON. OK. \$1.2 billion comes from the termination of the direct loan program. \$4.9 billion, and this is what is really interesting, because the other night the President in his speech said that we were cutting to help the bankers. In reality, we are going after the bankers and the lenders for half of this. \$4.9 billion, we are decreasing their profit to make up half of the \$10 billion. \$3.5 billion comes from the subsidy for the interest from the time that they graduate until they have to begin paying the loan.

Mr. WISE. The 6-month period.

Mr. MCKEON. Right now, any student that wants, and this is really important, because I think some of this rhetoric is scaring parents and students needlessly, because as the President commented the other day, he said this should be a nonpartisan issue. It really should be. We should be working together on this.

We were talking about eliminating those subsidies. We found other ways to do it. The President was talking about eliminating those subsidies. This probably was first suggested in the memo from Ms. Rivlin. But we found ways to do it without eliminating those subsidies.

Mr. WISE. But then there is still a balance that has to be reached. There is not only \$10 billion, as I understand it, that was originally considered out of higher education, then the Head Start, Title I and all of that, which is part of an overall pot. I am here keep it to higher education at this point. If the gentleman will continue on with where the balance of the cuts come from?

Mr. MCKEON. \$3.5 billion from eliminating the interest subsidy for the 6-month period. In other words, right now a student, any student, can get a loan to go to school. Any student. If they meet the requirements, if their income is low enough and they meet the requirement, the Government will subsidize the interest while they are in school. That is the current law.

Mr. WISE. If the gentleman would let me recapture my time, let me just close by saying I will examine this. I do feel that these changes, assuming they are coming about in this way, show the power of grassroots pressure. I think it has been the reaction. I think we are going to need to talk about this some more, because we can agree on this: There are a lot of parents concerned, and justifiably so, about what the impact of these cuts will be.

#### FEDERAL ASSISTANCE WITH STUDENT LOANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. MCKEON] is recognized for 5 minutes.

Mr. MCKEON. Mr. Speaker, if the gentleman would like to continue this, what the program is, any student can have a loan and the Government will subsidize their interest while they are