there isn't much evidence of it. Very few minority students are admitted to any college beneath that school's cut-off for other students.

It is true that blacks have lower S.A.T. scores than other entering students. But the deficit in test scores—which are certainly flawed as predictors anyway—doesn't begin to explain why black students are more likely to drop out and get bad grades once they begin college. Besides, this ''underperformance'' is just as common among black students entering with very high test scores and grades as it is among those with weaker credentials.

One thing is clear: If affirmative action is failing by not producing more successful black college students, it is not because they have been placed where they can't compete.

If it isn't a lack of preparation, then what is depressing their performance?

Recent research by my colleagues and me points to a disruptive pressure tied to racial stereotypes that affects these students. The pressure begins simply enough, with a student's knowledge that negative stereotypes about his group could apply to him—that he could be judged by this perception, treated in terms of it, even that he could fulfill it.

Black students know that the stereotypes about them raise questions about their intellectual ability. Quite beside any actual discriminatory treatment, they can feel that their intelligence is constantly and everywhere on trial—and all this at a tender age and on difficult proving ground.

They may not believe the stereotype. But it becomes a threating hypothesis that they can grow weary of fending off—much as a white student, for example, can grow weary of fending off the stereotype that his group is racist.

Everyone is subject to some form of what I call ''stereotype vulnerability.'' The form that black students suffer from can hurt them where it matters, in academic performance. My research with Joshua Aronson shows that ''stereotype vulnerability'' can cost these students many points on exams like the S.A.T.

Over time, the pressure can push the students to stop identifying with achievement in school. They may even band together in doing this, making ''disidentification'' the pattern. For my money, the syndrome is at the root of black students' troubles in college.

If affirmative action contributes to this problem, it is less from the policy itself than from its implementation, often through a phalanx of ''minority support'' programs that, however well intended, reinforce negative stereotypes. Almost certainly, there would be persistent, troubling underperformance by minority students even if affirmative action programs were dismantled, just as there was before they existed.

Is there only reason to believe that affirmative action programs can alleviate this problem?

In the diagnosis may lie the seeds of a cure: Schools need to reduce the burden of suspicion these students are under. Challenging students works better than dumbing down their education. Framing intelligence as expandable rather than as a set, limiting trait makes frustration a signal to try harder, not to give up. Finally, it is crucial that the college convey, especially through relationships with authoritative adults, that it values them for their intellectual promise and not just because of its own openness to minorities.

My colleagues (Steven Spencer, Mary Hummel, David Schoem, Kent Harber and Richard Nisbett) and I incorporated these and other principles into a program at the University of Michigan for the last four years. The students, both white and minority, were selected randomly for the project and as freshmen were housed in the same dorm.

Through workshops and group study, all placing emphasis on the students' intellectual potential, the program eliminated the differential between black and white students' grades in freshman year for the top two-thirds of the black students.

It helped others as well; 92 percent of all the students in the group, white and black, were still in school after four years.

The successes of comparable programs—Urie Treisman's math workshops at the University of Texas, Georgia State's pre-engineering program, John Johnide's faculty mentoring project, also at Michigan—show that this approach can work.

But what about reverse discrimination? How much does this policy of inclusion cost in exclusion of others?

To know if affirmative action is displacing whites in admissions, you have to know if, among comparably qualified applicants, more minorities get in than whites.

Thomas Kane of Harvard University's Kennedy School of Government found that this seems to happen only in elite colleges, where the average S.A.T. score is above 1,100. These schools make up only 15 percent of our four-year colleges. There was no evidence of preference in admissions among the rest.

Moreover, in the elite schools, blacks don't often use the preference they get, choosing schools closer to home, perhaps, for various reasons. They rarely exceed 7 percent of the student body at the top schools. Overall, affirmative action causes little displacement of other students—less by far than other forms of preferences, like the one for children of alumni.

In our society, individual initiative is an indisputable source of mobility. But a stream of resources including money, education and contacts is also important. After all this time, even the black middle class has only tentative access to this stream. Affirmative action in college represents a commitment to fixing this, allowing those with initiative a wider aperture of opportunity.

If its opponents prevail and affirmative action is dumped, will the same people, so ostensibly outraged by the racial injustice of it, then step forward to address the more profound racial injustices?

I wouldn't bet on it and, in the meantime, let's talk about this policy frankly and pragmatically: how to improve it, when it should be more inclusive, and how it should be made fairer.

To dump it now would be to hold some people, just beginning to experience a broader fairness in society, to a tougher standard than the rest of us have had to meet.●

APPLICABILITY OF REGULATION E FOR ALL ELECTRONIC BENEFIT TRANSFERS

● Mr. LIEBERMAN. Mr. President, earlier this year I introduced S. 131, a bill that would remove the applicability of regulation E of the Electronic Funds Transfer Act for all electronic benefits transfer [EBT] programs established under Federal, State, or local law, with the exception of when payments are made directly into a consumer's account. I introduced this legislation for the purposes of removing the barriers for States so that they could implement EBT. Although regulation E provides many protections for the consumer, the States see it as barrier to implementing EBT because it requires States to be liable for lost and stolen benefits over $50. This added liability could result in added administrative costs.

At the time I introduced this bill, I expected cash-assistance welfare programs to continue to be federally regulated. But now, it appears that our largest cash-assistance program for low-income people, Aid to Families With Dependent Children [AFDC], will be block granted and there will no longer be Federal oversight in many areas. Because of this, we must be somewhat more careful in exempting cash assistance and other welfare programs that use electronic benefit transfers from all of the provisions of regulation E. I want to explain why there may be problems in adopting the current language in the House welfare bill that exempts electronic benefit transfers [EBT] from regulation E.

Electronic benefit transfers are the transfers and distributions of Federal and State benefit programs through electronic banking techniques. The Electronic Fund Transfer Act governs all ATM transactions and point-of-service sales such as the use of your credit card or ATM card at the grocery store. The act assures individuals that their complaints about unauthorized uses and systems problems will be attended to in a timely manner. Other protections provided by regulation E include the disclosure of information to the consumer about their rights. I'm sure that most Members would agree that these provisions are fair and should be applied to welfare recipients as well as the general banking population. Indeed, States that currently have EBT already provide most of these services.

Under the Electronic Funds Transfer Act [EFTA] the cardholder is only responsible for up to $50 if the card is lost or stolen and benefits are withdrawn. EFTA requires cardholders to have a personal identification number [PIN] which should prevent unauthorized withdrawal of benefits even if the card is stolen. This number should only be known by the recipient so if the card is stolen, the thief would not be able to gain access to the benefits. In an EBT system, if money is stolen from the account the State would be liable for all benefits beyond the $50 limit. This single provision opens EBT to fraud and abuse which could result in very high costs to the States. The States have said that this potential liability would prevent them from going forward with the implementation of EBT programs.

EBT holds many benefits for the administering agency and the recipient. EBT delivers benefits more cost-effectively and eliminates the need to print and process food stamps. It also eliminates postal fees for sending out checks and authorizing documents. It can provide substantial protections against fraud and theft. There is a successful EBT demonstration project in Ramsey

County, MN. Ninety-five percent of recipients in Ramsey County prefer EBT over checks and food stamps. It allows recipients to have their monthly benefits on the date that they are available, instead of when the Postal Service finally delivers them. It also allows the recipient to bypass check cashing fees and to withdraw small amounts at a time, making them less of a target for mugging.

Senator DOLE's welfare reform proposal S. 1120, as well as Senator DASCHLE's proposed substitute, the Work First proposal, would exempt only food stamp benefits distributed by EBT from regulation E. I support these provisions, for now, because the Secretary of the U.S. Department of Agriculture would continue to have authority to ensure there are adequate protections. For example, it is my understanding that the Secretary could require the application of regulation E to food stamps if the States or banks abuse the system. But the same would not be true for AFDC if the Congress were to convert the program to a block grant for cash assistance. Under a block grant beneficiaries would have no recourse if banks or the State agencies did not act responsibly.

In contrast, the House has taken a different approach and has exempted all needs-tested Government programs that make use of EBT from regulation E. For reasons I have described, I do not think this is appropriate. I believe legislation that effects regulation E's application to EBT needs more thought. We need to consider how to minimize State liability while still maintaining protections for recipients using EBT. Congress should take the short-term step of eliminating the $50 liability limit. Other requirements of regulation E, such as the requirement to address complaints in a timely manner, may continue to be necessary to ensure that recipients in Federal cash-assistance welfare programs are treated fairly. The Federal Reserve Board has already determined that regulation E shall apply to all EBT programs as of February 1997. We need to act on this issue soon so that States will not see the impending implementation of regulation E as a barrier to starting EBT programs. I would like to work with my colleagues to eliminate barriers to the States' use of EBT so that States will not be dissuaded from implementing EBT programs.●

TRIBUTE TO FANNIE MAE

● Mr. SIMON. Mr. President, I recently joined Mayor Daley, Fannie Mae President Larry Small, and others, in announcing Fannie Mae's ''HouseChicago'' plan. ''HouseChicago'' is a $10 billion, 7-year investment plan developed by Fannie Mae's Chicago Partnership Office, the City of Chicago and numerous local partners.

Fannie Mae was created by Congress as a federally-chartered, shareholder-owned corporation, whose mission is to make sure mortgage funds are readily available in every State of the Nation. I am proud to say Fannie Mae has done a tremendous job at fulfilling that mission, and I want to bring to the attention of my colleagues the following editorial by the Chicago Tribune regarding Fannie Mae's investment in the city of Chicago.

[From the Chicago Tribune, August 26, 1995]

FANNIE MAE'S HOME COOKIN'

It's hard to overstate the importance of home ownership to the success of a neighborhood.

Besides being a ticket to the middle-class, ownership gives people a larger stake in their communities. It makes them less tolerant of vandalism or drug-dealing and more likely to get involved in a block club or the PTA.

But as nearly every homeowner is reminded once a month, it's the mortgage-holder that really owns the house. It's the lender or, more often, the financial house that buys the mortgage from the lender whose investment is most at risk. That's why the note-holder gets first claim on the property should the purchaser fail to make payments.

And that's why lenders have strict standards about whom they will lend to and under what circumstances. But as lenders increasingly sell their mortgages on the so-called ''secondary'' market, it's the standards of the huge mortgage purchasing corporation that become key.

In that regard, recent initiatives by the Federal National Mortgage Association (Fannie Mae), the nation's largest repurchaser of home mortgages, deserve to be recognized and applauded.

Not to be confused with the local confectioner, Fannie Mae is a federally chartered, publicly traded corporation whose mission is to encourage private investment in residential mortgages. It recently struck a deal with the city to modify its underwriting standards in certain disadvantaged neighborhoods.

Participating lenders can now offer extra-low (3 percent) down payment terms to families earning up to 20 percent above the area median income of $51,300—if the house they are buying is located within the city's empowerment zone or certain other areas targeted by City Hall for redevelopment.

Some might call this an attempt at gentrification, but it means that middle-income families—and the stability they bring—will be lured into neighborhoods they might otherwise spurn as too risky.

Other Fannie Mae changes will make it easier for buyers of small apartment buildings to get conventional mortgages, as well as buyers participating in the city's New Homes For Chicago Program and the purchase-rehabilitation program run by a group called Neighborhood Housing Services of Chicago (NHS).

The bottom-line in Fannie Mae's ''House Chicago'' program will be $10 billion in private loans pumped into neighborhoods that might otherwise have to rely on federal mortgage insurance . . . with all the abuses those programs often bring.

It's not the candy company, but Fannie Mae is giving new meaning to ''Sweet Home Chicago.''

TONY ELROY MCHENRY

Mr. WARNER. Mr. President, I rise today to pay special tribute to the life of Tony Elroy McHenry. Tony passed away September 9, 1995, and is remembered as a loving husband and son, and a devoted employee of the U.S. Senate.

Born the youngest son of Hugh O. and the late Janet W. McHenry, Tony claimed home in Fredericksburg, VA. Even as a young child, Tony always found a peacefulness in his faith; he was a life-long member of Beulah Baptist Church.

Tony was educated in Spotsylvania County at the John J. Wright Consolidated School and then Spotsylvania High School. He also attended Virginia State University.

On December 3, 1988, he and Piatrina A. Robinson were married. He is survived by his wife. Tony distinguished himself as an offset pressman for the U.S. Senate Service Department and friends remark on his quiet dignity and pride taken in his work. He always balanced professionalism and a courteous manner, certainly his trademarks.

Tony McHenry will be missed by family and friends: his smile, his warm and engaging personality, his earthly spirit.

ORDERS FOR TOMORROW

Mr. JEFFORDS. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 9:15 a.m. on Thursday, September 14, 1995; that following the prayer, the Journal of proceedings be deemed approved to date; the time for the two leaders be reserved for their use later in the day, and there be a period for morning business until the hour of 10 a.m. with Senator BYRD to be recognized for up to 45 minutes; I further ask that at 10 a.m. the Senate immediately resume consideration of H.R. 4, the welfare reform bill under the provisions of the previous consent agreement; further, that if Senator DODD has not offered his amendment and therefore is not pending following the last rollcall votes in Thursday's series of votes, Senator SHELBY shall be recognized to call up amendment No. 2526.

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

PROGRAM

Mr. JEFFORDS. For the information of all Senators, the Senate will resume consideration of the welfare reform bill tomorrow morning at 10 a.m. Following 10 minutes of debate the Senate will begin a series of rollcall votes on or in relation to amendments to the welfare reform bill. All Senators should therefore expect the first rollcall vote on Thursday at approximately 10:10, to be followed by a series of votes with only 10 minutes of debate between each vote.

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