

NORTH HOOSICK FIRE DEPARTMENT CELEBRATES THEIR 50TH ANNIVERSARY

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 21, 1997

Mr. SOLOMON. Mr. Speaker, as in many primarily rural areas, volunteers provide most of the fire protection in the 22nd Congressional District of New York.

One of those, in fact one of the best volunteer fire companies, is celebrating its 50th anniversary this year. On May 1, 1947, a group of citizens gathered at the old North Hoosick Schoolhouse on the corner of routes 22 and 67 to form the department. For the next 50 years the North Hoosick Fire Department has provided the communities of North Hoosick, East Hoosick, and Walloomsac with outstanding fire protection. These volunteer companies, Mr. Speaker, save billions of dollars of property and countless lives every year in New York State alone. Volunteers are increasingly well-trained and professional. But more than that, the spirit of volunteerism that they exhibit is America at its best. Neighbor helping neighbor at the local level. That's what volunteer fire companies are all about.

Mr. Speaker, I know that all 435 congressional districts in this great country are blessed with their own volunteer firefighters who do equally fine work. Please join me in saluting the North Hoosick Fire Department, so ably led by Chief Alan J. Bornt, and all the other members, and wish them another 50 years of dedicated service to the community.

TRIBUTE TO JO-ANN MAXWELL

HON. ROBERT E. ANDREWS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 21, 1997

Mr. ANDREWS. Mr. Speaker, I rise today to honor an individual who has dedicated her life to education. I am speaking of Ms. Jo-Ann Maxwell, who will be retiring on May 22, 1997, after a lifetime of exemplary service.

Ms. Maxwell has been involved in education since her graduation from Indiana State Teachers College in 1958. She holds certificates in secondary speech and dramatics, secondary English, secondary education, as well as an elementary certificate. Currently, Ms. Maxwell is using her skills as a basic skills instructor for the upper elementary grades at Erial Elementary School. She has shown a deep commitment to passing along the skills that each student will need to be successful in the future. For her efforts, Ms. Maxwell received the prestigious honor of being selected as the 1986-87 Teacher of the Year.

All who have known Ms. Jo-Ann Maxwell, especially those who have benefited from knowledge, are honored by her service to their community. On behalf of all the citizens of New Jersey, I thank and congratulate Ms. Maxwell. We all will miss her remarkable talents.

SEEKING SOLUTIONS FOR SMALL BUSINESS CREDIT NEEDS

HON. JOHN J. LAFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 21, 1997

Mr. LaFALCE. Mr. Speaker, small businesses are again being hurt by a lack of loan guarantee assistance through the Small Business Administration. This, in turn, is directly attributable to a shortage of Federal moneys to adequately support the 7(a) loan guarantee program.

The President's budget request for fiscal year 1997 was for \$11 billion in guarantees for SBA's 7(a) loan program.

The House-passed appropriation bill only provided funding for \$7.2 billion.

The Senate-passed bill provided funding for \$8.4 billion.

And the enacted bill funded \$7.8 billion.

I want to emphasize that these are loan guarantees. The Federal Government only spends money to pay claims in the event of default in repayment of these loans which are made by private lending institutions. For the 1997 program, we appropriated \$158 million, along with usage of \$40 million which was unspent in 1996, in order to support almost \$8 billion in guarantees.

It is now clear that the \$8 billion in loan guarantees is not sufficient to meet demand, which is estimated at \$9.5 to \$10 billion.

In order to prevent the program from running out of money this summer and being forced to close, SBA took administrative action to limit the size of a loan which it would guarantee. Instead of the statutory maximum of \$750,000 in Federal exposure per borrower, a cap of \$375,000 was imposed effective May 5.

Unfortunately, the notice of SBA's decision to impose a cap, which is required by law, provided lenders with a window to rush through most of their pending bigger loans and caused what has been termed a "run on the bank."

As of yesterday, the amount of 7(a) loan guarantees available through the end of this fiscal year is less than \$1.65 billion. This meager amount must stretch over 4 months as compared to usage of \$6 billion in the first 8 months.

It appears certain at this point that even though the previously imposed loan cap will reduce demand, it will not have sufficient impact. Additional action must be taken.

At this point we cannot engage solely in an exercise in assessing blame and finger pointing.

If Congress had appropriated more money as the President requested, we would not be confronted with this problem today.

If SBA had reacted more quickly in acting to dampen demand and live within the budget enacted, less severe action would be necessary.

The most immediate need is to craft a solution to small business credit needs, on a short term basis to see us through the end of this year and into next, but also over a longer range.

There is a wealth of knowledge available to examine this problem and develop a solution. We should take full advantage of it.

Today, I have introduced a resolution calling upon the Administrator of SBA to appoint a

blue ribbon commission to quickly examine small business credit needs.

This examination should encompass the entire concept of Federal programs to assist small firms in obtaining loan capital.

Over the short term, the options are probably limited to some minor changes in existing standards, terms and conditions. There simply is not time to develop new programs. But priority must be placed on developing some reasonable short term solution.

For the long term, however, there is an opportunity to expand the options being considered.

The quality of small business guaranteed loans have been greatly improved in the past few years.

Substantial user fees are now imposed upon those who participate in these programs.

In fact, SBA's major plant and equipment program, the certified development company program—which is not the one involved in the shortage of funding—now operates without any subsidy from the Federal Government. It costs us nothing.

The subsidy rate for the 7(a) program has also substantially improved.

Now is perhaps the time to consider privatizing these programs. It may be that 7(a)'s costs can be further reduced.

It probably is not possible to completely eliminate Federal support all at once. It will probably take an evolution just as in past decades SBA lending evolved from direct loans to loan guarantees.

The evolution from Federal loan guarantees to privatization may involve a concept called a government sponsored enterprise or GSE. Simple described, a GSE is a privately owned entity which is not part of the Federal budget but which may receive financial assistance in the future from the Government if the need arises and the Government agrees to do so. GSE's have been used to assist housing. They have been used to assist students. They have been used to assist agriculture.

This may also be a useful model to help small business. Or perhaps a GSE should be used to help at least some small businesses which need a small amount of credit enhancement—that is, a small percentage of the loan needs to be guaranteed—as compared to other firms which need an 80- or 90-percent guarantee.

I advanced the privatization concept 20 years ago. I refined it over the years and specifically directed it toward small business in the late 1980's. It did not receive the necessary support. But small business loans were very different then than now, and we did not confront the budget constraints we now do.

A GSE is not a panacea. Establishment does involve some potential problems. It is, however, worthy of consideration as one of a variety of alternatives, and my resolution simply calls for its consideration.

PENSIONS TO FORMER NAZIS WHILE SURVIVORS GET NOTHING

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 21, 1997

Mr. ACKERMAN. Mr. Speaker, I wanted to take this opportunity to bring to the attention of