

dedicated, and caring group of Delawareans: The Delaware Volunteer Fireman's Association. For myself, and on behalf of the citizens of the First State, I would like to thank them for their tireless service.

This weekend in Rehoboth Beach, firefighters from all across Delaware will gather and celebrate their 77 years of outstanding leadership and unselfish devotion to their communities and State. These dedicated men and women train in preventing and fighting fires and perform emergency medical services for our citizens. It is because of this training and commitment that Delaware's volunteer fire and emergency medical services are ranked as one of the best in the country. This type of commitment to public service is uncommon among individuals.

I commend these volunteers for their exemplary record of public and community assistance. They are truly a model for all of us who serve in public life. Their commitment to the cause of volunteer firefighters will find a permanent place in the Delaware volunteer fire service history. As the Delaware Volunteer Fireman's Association and Ladies Auxiliary gather to celebrate its 77th anniversary of leadership and service, I hope they will realize how deeply their efforts are appreciated

IN SUPPORT OF THE EMERGENCY
STUDENT LOAN CONSOLIDATION
ACT OF 1997

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 25, 1997

Mr. GOODLING. Mr. Speaker, I rise today in strong support of the Emergency Student Loan Consolidation Act of 1997. I appreciate the leadership efforts of our colleague from California, Mr. MCKEON, in moving this vital legislation forward. I would also like to recognize the efforts of our colleague from Ohio on this issue, Mr. BOEHNER.

As my committee moves forward with updating and improving the Higher Education Act, our goals are: Making higher education more affordable, simplifying the student aid system, and stressing academic quality.

Today, we are faced with a crisis in the consolidation of direct student loans. Unfortunately, it dramatically points out the difficulties we will face as we try to move our system of financial aid into the 21st century.

For direct loan borrowers, the situation is bleak. Earlier this year, students wishing to consolidate these loans submitted applications only to face lengthy delays in processing. Now students wishing to consolidate these loans are told not to bother, as the Department has shut down the entire processing system.

The Department claims that this action was taken to ensure that its current consolidation customers would receive proper service. However, the Department's direct loan consolidation contractor is currently facing a backlog of 84,000 applications, and as we heard in testimony on the direct loan consolidation process last week, a process which should take 8 to 12 weeks to complete is actually taking 8 to 12 months.

I want to take a moment to look at this. There seems to be a disconnect between the Department's evaluation of their performance

and the customer's view of the Department's service. Last week we went back and reviewed the statements made by the Department before Mr. MCKEON's subcommittee in hearings on the Higher Education Act. The Department referred to itself as the Microsoft and Citibank of higher education. Dr. Longanecker said "the Direct Loan Program provides a simpler, more automated, and more accountable system to borrowers * * * students have witnessed the development of a level of customer service not previously experienced in financial aid delivery." Well, at least one student who testified at our recent hearing described the Department's customer service as "beset by chronic mistakes which range from incompetence to malfeasance."

I've also noticed that there appears to be a good deal of time spent finger pointing by the Department. They seem to be looking for others to blame. Blame was being placed by the Department with students and bankers for the problems with loan consolidation. "A delay by any of these parties in submitting information required for consolidation or erroneous, incomplete, or late information from any one of these parties results in additional time needed to complete the consolidation," was one response received from the Department.

Such information problems do not stop those in the private sector. Many banks and Sallie Mae experience these problems as well, yet their financial services and systems expertise allows them to process loan consolidations in a timely fashion. The Department stated three major problems which have caused a huge backlog of consolidation loans: Inherent complexity of student loan consolidation; Higher volume than anticipated; and Transition from one contractor to another.

I agree that the inherent complexity of the student loan program and running a financial program larger than Citibank is tremendously difficult. I have been repeatedly pointing this out since 1991 when direct lending first came under consideration, and it's been my greatest concern with the Federal Government taking on such a huge task, particularly when there are private organizations already doing the job.

For example, I vividly recall pointing out these concerns to my colleagues on the floor of the House in May 1993, as we considered a move to abandon the guaranteed loan program as part of the 1993 budget reconciliation bill. In my floor statement at that time I said:

I have serious doubts over whether or not the Department of Education can efficiently manage this program. If they fail to run it properly, and all of the evidence suggests the Department will not suddenly develop the administrative finesse that they have lacked for so long, it will be students and schools that will suffer.

Incidentally, while I've been critical of direct lending, I may have given the Department too much credit. I have always felt that it would be easy for the Department to give money out. However, I've been worried that it would be difficult to collect it. Now it appears that giving the money out is proving to be tremendously difficult where consolidation loans are concerned.

Second, it's too late to complain about higher volume than anticipated. The Department from day one has been actively promoting the benefits of direct loan consolidation. They should have anticipated high volume and been

able to handle such volume, or they should have refrained from the marketing blitz they conducted.

Last, the transition from one contractor to another is a poor excuse. At the time of the transfer one year ago, the new contractor should have been required to provide its ability to manage the consolidation program before ever receiving the monetary benefits of a Federal contract.

On September 11 there was an article in Education daily related to this problem which I found revealing. It is entitled, "Student Loan Checks Really Are in the Mail." It describes some of the problems the Department has created for the lending community. In this case, Southwest Student Services Corp. received 4,300 loan payoff checks from the Department of Education on one day. Most disturbing is that each check was sent in a single envelop—and some of the checks were reportedly as small as 7 cents. In these cases, the cost of issuing and mailing a check must exceed the value of the check by 5 or 600 percent.

Additionally, I would note a letter from the Student Loan Fund of Idaho Marketing Association. They received 41 checks from the Department. Of that number, only five were accurate payoff amounts. That's an error rate of over 88 percent. Clearly performance is not at a level that is even minimally acceptable. This presents some very major concerns. With the Department sending out tens of thousands of checks, how can we tolerate error rates that are as high as almost 90 percent? How can this program be audited by the Inspector General?

The Inspector General's testimony last week makes clear that most of the fault for the delays and the problems with the financial accuracy of the Department's payment transactions lies with a misplaced reliance on technology. Misplaced confidence seems to pervade the Department's contracting for student aid delivery systems. We need only remember the electronic imaging debacle of 2 years ago when the Department contracted for electronic imaging of the FAFSA. The mistakes made with that contract caused more than 1 million students to be delayed in making their college decisions.

Mr. Speaker, the Department of Education is clearly undergoing a severe crisis in management. These problems are hurting students, former students, and parents. Later in this Congress, the Gentleman from California, Mr. MCKEON and I will undertake a concerted effort to fix those problems. However, in the near term it is absolutely essential that we allow student loan borrowers with direct loans to consolidate those loans and reduce their monthly payments.

The legislation we are introducing today will allow that, and it will accomplish it without any increased costs to the borrower. It will: Allow borrowers with direct loans to consolidate them immediately, rather than having to wait months for the Department and its contractor to sort out their difficulties; Allow students to retain their interest subsidy benefits on all subsidized loans included in the consolidation loan as is currently allowed in the direct loan program but not the FFEL Program; and provide students with the interest rate currently applicable to direct consolidation loans—T-bill+3.1 percent capped at 8.25 percent—the FFEL rate is the weighted average of the

loans consolidated rounded up to the nearest whole percent.

This legislation is revenue neutral and the right thing to do. Incidentally, there are some bureaucrats at the Department of Education, or at the Office of Management and Budget, or at the White House, who will complain about the \$25 million cost of this legislation being paid by reducing the mandatory administrative funds for the direct loan program. I would remind them that students are suffering in the program they promoted with these funds, that obviously the money they have for administration has not been wisely spent to date, and that fixing this problem is the right thing to do.

I strongly urge my colleagues to support us in this effort, and to cosponsor the Emergency Student Loan Consolidation Act of 1997.

SISTER HARRIET OF CORTLAND
NAMED NATIONAL DISTINGUISHED PRINCIPAL

HON. JAMES. T. WALSH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 25, 1997

Mr. WALSH. Mr. Speaker, today I ask my colleagues to join me in congratulating Sister Harriet L. Hamilton of Cortland, NY, on the occasion of being named one of the National Distinguished Principals for 1997.

Sister Harriet is principal of St. Mary's School in Cortland. She will be honored with the other recipients September 25 and 26 here in Washington at a ceremony sponsored by the nominators, the Private School Recipients Selection Committee.

Other honorees include representatives from each State, the District of Columbia, and the Departments of Defense and State overseas schools.

Sister Harriet is the kind of inspirational, loving educator who wears many hats. She is an administrator, cafeteria monitor, custodian, bookkeeper, medic, and counselor.

She responds nurturingly to students' hugs. On snowy days she is there to take calls from parents who want to know if school will be open. When parents cannot pick up their children at school, Sister Harriet drives them home.

Sister Harriet has a special gift for motivating volunteers. She is an educator, friend, civic leader, and a woman of great faith in God. I applaud the decision to award her this great honor. And I want to publicly state that Sister Harriet is the kind of selfless individual who makes America the great country it is.

FORT SOUTHWEST POINT'S 200TH
ANNIVERSARY

HON. ZACH WAMP

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 25, 1997

Mr. WAMP. Mr. Speaker, I rise to bring the House's attention to the 200th year celebration of Fort Southwest Point, located in Kingston, TN, on Oct. 5, 1997.

Military activities at Southwest Point began in 1792 with the establishment of a block-

house post for territorial militia troops under the command of Gen. John Sevier who later became the first Governor of Tennessee. During the 1790's, most of the many settlers traveling to the Nashville area passed Southwest Point, and parties of such travelers were often accompanied along the Cumberland Road by guards supplied from the militia post.

Subsiding hostilities with the Indians contributed to a change in the role played by Southwest Point and by 1797 the militia had been replaced by Federal troops under the command of Lt. Col. Thomas Butler. From this point until the removal period, the Federal troops preserved the peace primarily by preventing illegal settlers on the remaining Cherokee lands. Fort Southwest Point's role in the peaceful coexistence with the Cherokees was enhanced in 1801 when Col. Return Jonathan Meigs was appointed to be military agent for Federal troops in Tennessee and principal agent to the Cherokee Nation.

In 1807 the garrison was removed farther into the Indian territory, and Fort Southwest Point served as a supply depot for other forts until about 1812.

Archeological work at this site began in 1974 when crews from the University of Tennessee began to uncover the site of the original fort. In 1984 a cooperative endeavor between the Department of Conservation and the city of Kingston, owner of the site, continued the investigation, and began to rebuild the fort on its original foundations. Now the fort is open as a museum staffed by city-employed agents and volunteers. Work continues on the research and rebuilding and many historically and militarily oriented events take place there. Currently celebrations are in order for the commemoration of Fort Southwest Point's 200th birthday.

INTRODUCTION OF LEGISLATION

HON. GERALD D. KLECZKA

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 25, 1997

Mr. KLECZKA. Mr. Speaker, today I am introducing legislation which would adjust the rules for deducting military separation pay amounts from veterans' disability compensation.

The National Defense Authorization Act for fiscal year 1997—Public Law 104-201—reduced the required offset by the amount of Federal income tax withheld from separation pay for payments received after September 30, 1996. My legislation would make the tax withholding provision retroactive to include all payments to those who were separated from the military after December 31, 1993.

This bill would reduce the offset between veterans' disability compensation and certain bonus payments for early retirement received by former members of the military services. It is important that we correct this inequity in the law that unfairly penalizes many of our Nation's veterans' who have served their country honorably.

I urge my colleagues to join me in cosponsoring this legislation.

ABERDEEN, MD, VOTED AN ALL-AMERICAN CITY BY THE NATIONAL CIVIC LEAGUE

HON. ROBERT L. EHRlich, JR.

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 25, 1997

Mr. EHRlich. Mr. Speaker, it is my great privilege and honor to recognize a quiet town in the Second Congressional District that has been singled out for a tremendous honor.

The town of Aberdeen, MD, is probably best known for two things: being the home town of Cal Ripken, Jr., and the location of Aberdeen Proving Ground—one of the best military installations in the Nation. This summer, Aberdeen received another distinction that will bring it additional notoriety in the future: it was named 1 of 10 "All-American Cities" by the National Civic League.

Each year, NCL selects 10 American cities for this designation. As you can imagine, the competition for this honor is keen, routinely attracting applications from cities big and small across the United States. In 1997, 150 cities filed applications. Of these, just 30 were selected as finalists. The finalists traveled to Kansas City, MO where they made presentations to a panel of NCL judges.

Aberdeen was selected based upon a number of factors, particularly its innovative programs to help disadvantaged youth. Mayor Chuck Boutin and other Aberdeen city government officials are thrilled to have received this honor. On September 20, I had the honor of visiting Aberdeen and participating in a celebratory breakfast. I know the folks of Aberdeen will be celebrating for months to come, just the way they did when their town's favorite son became the "Iron Man" of baseball. I look forward to joining them in their revelry.

Mr. Speaker, every town would like to think of itself as an "All-American City," but only a precious few have earned this designation. Aberdeen is one of them. I hope all of my colleagues will join me in congratulating the good folks of Aberdeen during this special time.

TRIBUTE TO STANLEY M. UMEDA

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 25, 1997

Mr. MATSUI. Mr. Speaker, I rise to pay tribute to an outstanding member of the Sacramento community, Mr. Stanley M. Umeda. Today, Mr. Umeda's many friends and colleagues are gathered to commemorate his 40 years of exemplary service to the State of California and the Sacramento County Welfare Department.

A graduate of California State University, Sacramento, Mr. Umeda has forged a long and distinguished career in the fields of social work and mental health. His service in the public sector dates back to 1955, when, as an undergraduate at Sacramento State University, Mr. Umeda worked for the California Department of Motor Vehicles.

Upon completing his education with a master of social work degree in 1966, Mr. Umeda continued his State service as a psychiatric social worker in the California Department of