

THE HERO OF CHESTNUT HILL

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 2001

Mr. FRANK. Mr. Speaker, on April 17, one of the leading educational institutions in America, Boston College, will honor Dr. Francis B. Campanella as he prepares to retire this year from his job as Executive Vice President. Dr. Campanella has been an extraordinary asset not just to Boston College, but to the Greater Boston community, and to higher education in America through his extraordinarily creative and diligent work at Boston College. Last September, David Warsh appropriately described Dr. Campanella's work in an excellent article in the Boston Globe. I am delighted to have this chance to join in honoring this very distinguished educational leader on the occasion of his well earned second retirement, and I ask that Mr. Warsh's column about him be printed here as an example of what commitment at its best means to our broader community.

[From the Boston Globe, Sept. 12, 2000]

THE HERO OF CHESTNUT HILL

(By David Warsh)

Anyone strolling across the densely built and sparkling campus of Boston College would find it hard to believe that there was a time when the school was nearly bankrupt.

Yet in the early 1970s, Boston College came very close to failing. The school had run major deficits for five years in a row. Its net worth was negative. Its endowment was a paltry \$5 million.

BC had a sympathetic banker in Waltham, Giles Mosher. But only by temporarily dipping into the pension fund for Jesuit professors was the administration able to keep doors open from year to year. In a memorable report, economist Edward Kane warned the faculty that BC soon might find that its (then) spacious campus had become the University of Massachusetts at Chestnut Hill.

It was about that time that the trustees hired Donald Monan, S.J. Within a year Monan persuaded professor Frank B. Campanella to leave the faculty where he had been teaching finance and take over the school's internal management instead. The rest is history.

Boston College took off like a rocket and the University of Massachusetts built its new campus at Columbia Point.

Last week Campanella, 64, said he would return to teaching at the end of the current academic year. That \$5 million endowment has grown to \$1.1 billion, the 35th largest in the country. (In contrast, Boston University says the market value of its endowment currently is about \$980 million.)

Faculty salaries, which in 1973 had been at the 50th percentile of category I institutions, are in the 90th percentile. Undergraduate applications, which had totaled 8,400, last year were 21,000 for 2,100 places—making BC the fifth most heavily applied-to university in the country.

And on the 1991 list of BC's top 12 application overlaps—meaning those schools to which a prospective BC student also had applied—the names of Fairfield University, Providence University, and UMass had been elbowed off by 1997 by Harvard, Penn, and Brown.

Campanella was a logical, if not an obvious choice for executive vice president. He had been raised in Jamaica Plain, then graduated from Boston College High School in 1954. After earning an engineering degree at

Rensselaer Polytechnic Institute and serving three years as a Marine Corps lieutenant he worked for five years in the construction industry.

Low margins and chronic uncertainty led him to retool as a finance professor, beginning as a night school MBA at Babson College, then as a doctor of business administration at Harvard Business School. (He tested Harry Markowitz's portfolio theory for his dissertation; Rober Glauber was his supervisor). He had been teaching for three years when Monan took him by the arm in 1973. He had the confidence of the faculty.

Campanella's strategy from the first was to run a surplus. He established a depreciation account—a standard business practice but among the first in the nation at a university—which freed up cash for investment. Then he set out to build the college's balance sheet.

He borrowed as much money as possible, taking advantage of the bargain rates available to tax-exempt institutions. He used it for bricks and mortar, budgeting debt service as an expense. With the physical plant growing, he lobbied the faculty to increase enrollment, and plowed the growing surpluses into endowment. He invested aggressively as well.

Then came "enrollment management," a set of yield management practices more or less invented in education at BC. The offices of admissions and financial aid were combined, making it possible to purposefully compete with other institutions on price. BC's applications pool broadened to include Texas, California, the Midwest. Retention became part of the picture as well.

Campanella gradually attracted national attention.

Campanella retired for the first time in 1991. It didn't take. In 1994, the trustees asked him to come back. He stayed long enough to get new BC president William Leahy, S.J. settled in his job. "He's a man who understood the world of higher education, the world of business too," Leahy said. "He'll be a very difficult man to replace."

A TRIBUTE TO CARMELA C. RODRIGUEZ

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 2001

Mr. TOWNS. Mr. Speaker, I rise today to honor Carmela C. Rodriguez of Brooklyn, New York. Ms. Rodriguez is a deeply religious person who has dedicated herself to serving her church, her community and her native culture.

Ms. Rodriguez was born and raised in Panama City, Panama. She migrated to the United States in 1963. Nevertheless, she remains proud of her Panamanian roots. She has expressed this pride through service. She is the President of the Day of Independence Committee of Panamanians in New York and she organized the first Panamanian Independence Day Parade.

Ms. Rodriguez is also committed to her religion and her community. She is a Eucharistic Minister of Service at Our Lady of Charity Church; she is the First African American woman to be inducted as a Franciscan Friar in the Immaculate Conception Province, and she is the Grand Lady of the Knights of Peter Claver Ladies Auxiliary. In addition, she serves her community by conducting AIDS education workshops and donating food as well as clothing for needy children.

Mr. Speaker, Ms. Carmela C. Rodriguez is a woman of deep conviction whose religious and community involvement illustrate that she does not believe it is enough simply to live in a community, but rather one must serve that community as well. As such, she is more than worthy of receiving our recognition today, and I hope that all of my colleagues will join me in honoring this truly remarkable woman.

MAKE SUBPART F LAW PERMANENT

HON. JIM MCCRERY

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 2001

Mr. MCCRERY. Mr. Speaker, today I am pleased to introduce a bill on behalf of myself, Mr. Neal of Massachusetts, and 24 of our colleagues from the Ways and Means Committee. Current law contains a temporary active financial services provision in Subpart F. This provision makes sure that active business income of a U.S. financial services company operating overseas is not subjected to U.S. tax until that income is distributed to the U.S. parent. If this temporary provision were allowed to expire at the end of 2001, American financial services companies would be placed on an unequal footing with their foreign competitors.

Our legislation would make the active financial services provision permanent, securing international parity for our financial services industry and providing it with treatment comparable to that afforded other segments of the U.S. economy.

This legislation is important not only to U.S. financial services companies but also to the U.S. businesses that they service internationally. As just one example, U.S. banks and finance companies support the international sales growth of U.S. manufacturers and distributors. Additionally, Mr. Speaker, because U.S. employees provide support services for the overseas operations of our financial services companies, this legislation will also enhance the creation and preservation of U.S. jobs that depend on these international operations.

The growth of American finance and credit companies, banks, securities firms, and insurance companies is impaired by the uncertainty of an "on-again, off-again" practice of annual extensions of the active financial services provision. Making this provision a permanent part of the law will allow our financial services companies to make long-term plans for their continued international growth. Without this legislation, American financial services companies will be deprived of the certainty that their foreign-based competitors enjoy when operating outside of their home countries.

Mr. Speaker, this legislation will ensure U.S. tax policy does not hamper the ability of our financial services companies to compete in the international marketplace. The permanent extension of the active financial services provision is particularly important today, if the U.S. financial services industry is to continue as a global leader in international markets. The highly competitive and global nature of many of the businesses that will benefit from this legislation highlights the need to ensure greater parity between U.S. tax laws and those of

most other industrialized nations. Any disparity enhances the ability of foreign competitors to engage in a wider range of financial activities than U.S. companies.

In closing, making this provision a permanent part of the law would provide for an equitable and stable international tax regime for the U.S. financial services industry. We hope that this legislation will receive every possible consideration.

MAKE SUBPART F LAW
PERMANENT

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 2001

Mr. NEAL. Mr. Speaker, I am very pleased to join Representative JIM MCCRERY and a majority of the Ways and Means Committee in introducing legislation to make permanent the exclusion from Subpart F of the Internal Revenue Code for active financial services income of U.S. businesses operating in foreign markets. This provision permits American financial services firms doing business abroad to pay U.S. tax on their foreign earnings only when those earnings are returned to the U.S. parent. The provision expires at the end of this year.

This rule for active financial services is the same rule that applies to most other types of U.S. companies, and is the general rule in most of the industrialized world. Most competitors of U.S. financial institutions operate under tax regimes that generally do not tax currently active financial income earned outside their home countries. Making the Subpart F rule for active financial services permanent means that U.S. financial services companies will be on a level playing field throughout the life of the contract for which they are competing when they seek to compete in overseas markets with foreign-based financial services companies. While taxes are clearly not the only factor in determining the competitiveness of U.S. financial companies abroad, they do make a difference. In an increasingly global world with increasingly sophisticated competition, we cannot afford to put our financial services companies at such a disadvantage any longer.

Mr. Speaker, my colleagues and I believe it is vital to make the active financing provisions of current law permanent, to provide stability to our American service industries and all who work for them.

A TRIBUTE TO SHERYL BOYCE

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 2001

Mr. TOWNS. Mr. Speaker, I rise today to honor Sheryl Boyce of Canarsie, for her many years of leadership in the civic and religious communities.

Ms. Boyce believes that to live in the community it is important to serve your community as well. For this reason she has spent nearly two decades as an active community resident. She has been an active member of the Bay

View Tenants Association, serving as the financial secretary, recording secretary, and editor of the Association Newsletter. In addition, she organized the Association's first clean up day. Ms. Boyce has taken a particular interest as a mentor, serving as a Girl and Boy Scout Leader and a chaperon on numerous youth outings.

Sheryl is also an active member of St. Albans' Episcopal Church. She is on the Altar Guild and serves as a treasurer of the Episcopal Church Women. She has been elected to the Vestry for the third time and serves as a mentor to the altar girls and boys.

Mr. Speaker, Ms. Sheryl Boyce is a woman of deep religious conviction who has served her community and her church with the same level of dedication. As such, she is more than worthy of receiving our recognition today, and I hope that all of my colleagues will join me in honoring this truly remarkable woman.

FREEDOM OF THE MEDIA IN
RUSSIA

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 2001

Mr. HOYER. Mr. Speaker, I participated recently in a Congressional delegation to Russia, led by my friend CURT WELDON, where we met with government officials and others to assess the economic and political situation in that country and the state of U.S.-Russian relations. As Co-Chairman of the Duma-Congress Study Group on which I serve with Mr. WELDON, and as former Chairman and Ranking Member of the Helsinki Commission, I have traveled to Russia and the former Soviet Union frequently since the early 1980s.

We are encouraged by Russia's continued progress, however tentative it may appear at times, towards becoming a democratic state that guarantees the inalienable rights, including religious freedom and respect for human rights and the rule of law, of all its citizens. That is why it is disturbing to see an important tenet of democracy—freedom of the media—being threatened by federal government actions and by local officials as well.

The seriousness of this problem has been addressed by both the Clinton and Bush Administrations and has received widespread attention in the Western press, including recent editorials in The Wall Street Journal and The Washington Post. In Moscow, we were briefed by Ambassador Jim Collins, who told us about the threats to the media, particularly NTV and its holding company, Media Most, and we also met with Evgeny Kiselev, head of NTV—the only independently operated television station in Russia—who described incidents of harassment and intimidation directed against himself and other NTV personnel.

Moreover, as we have seen in the past, journalists in Russia are under threat of physical attacks, even murder, at the hands of unknown assailants if they offend the wrong people with their reporting.

Mr. Speaker, I would like to bring to the attention of my colleagues the State Department's Country Report on Human Rights Practices-2000, just sent to the Congress by the Bureau of Democracy, Human Rights, and Labor, as required by law. It is a valuable doc-

ument that assesses human rights conditions, country by country, around the world and has proven a reliable source of information for Members to better understand how individual governments treat their own citizens.

The section on Russia, which covers 45 pages, states that the government "generally respected the human rights of its citizens in many areas," but that "serious problems remain, including independence and freedom of the media. . . ." The report goes on to state "Federal, regional, and local governments continued to exert pressure on journalists by: initiating investigations by the federal tax police, FSB, and MVD of media companies such as independent Media-Most. . . ."

The report also provides an account of the government harassment of and threats to Mr. Vladimir Goussinsky, founder and chairman of Media-Most, which owns NTV, and his arrest and detention in a Moscow prison. Today, Mr. Goussinsky is confined in Spain, awaiting the disposition of a Russian prosecutor's request for extradition, as Kremlin authorities have been engaged in a series of actions to shut down the country's only privately owned television station, or have it taken over by a government-controlled company.

Sadly, Mr. Speaker, these efforts have come to fruition today. Press reports indicate that, in an apparent boardroom coup, the current NTV board, including Mr. Goussinsky, was ousted by the Russian gas firm Gazprom, which says it owns a controlling stake of the station. Mr. Kiselev has been replaced by an associate of the Gazprom directors. Russia's only two other nationwide television stations, ORT and RTR, are already controlled by the government.

Mr. Speaker, I urge the government of the Russian Federation to strengthen democratic institutions and the rule of law by guaranteeing and supporting media pluralism and independence in Russia. Clearly, the foundation of a free and democratic society is a well informed citizenry. That foundation crumbles when freedom of speech and freedom of the media are suppressed. I also urge my colleagues to review the State Department's report on human rights conditions, particularly the section on Russia.

INTRODUCTION OF THE DEPOSIT
INSURANCE FUNDS MERGER ACT
OF 2001

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 2001

Mr. LaFALCE. Mr. Speaker, today I introduce legislation that merges the FDIC's Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF) on January 1, 2002. I am joined by Representative MAXINE WATERS as an original cosponsor. A merger of the BIF and SAIF would clearly benefit the deposit insurance system by creating a single, more diversified fund that is less vulnerable to regional economic problems.

In addition, a merger of the funds would more accurately reflect the reality of today's financial services industry, in which over 40 percent of the SAIF deposits are held by commercial banks and FDIC-regulated state savings banks. In fact, the funds have lost their