EXTENSIONS OF REMARKS

INTRODUCTION OF THE FARM CREDIT SYSTEM REGULATORY RELIEF ACT OF 1995

HON. WAYNE ALLARD

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 13, 1995

Mr. ALLARD. Mr. Speaker, I am joined today by the gentleman from South Dakota [Mr. JOHNSON] in introducing a bill to provide regulatory relief to institutions of the Farm Credit System, the cooperative lender to America's farmers, ranchers, and member-owned service and supply cooperatives.

I should point out that the Farm Credit Administration [FCA], the System's regulator, has acted diligently in reducing, as safety and soundness considerations allow, the regulatory and cost burdens on System institutions. This legislation in no way reflects on FCA's ability or willingness to carry out the Farm Credit Act efficiently with an eye on the costs and benefits of its regulatory program.

Since assuming the chairmanship of the conservation subcommittee, I have made it a priority to reduce wherever possible the regulatory burden on farmers and ranchers. While the subcommittee, as well as the full Committee on Agriculture, has been looking more at the burdens of environmental regulations, we also must examine, within the full range of our legislative responsibilities, the provision of credit services to agricultural producers.

This bill requires FCA to continue its comprehensive review of regulations in order to identify and eliminate, consistent with safety and soundness, all regulations that are unnecessary, unduly burdensome or costly, or not based on statute.

The bill contains 14 sections, including the bill title and a section of findings and regulatory review requirements.

Section 4 amends the act to provide for institution examinations, except for Federal land bank associations, at least every 18 months. Current law requires examinations at least once a year, which is unduly burdensome. Under the amendment, FCA retains authority to examine institutions more frequently than 18 months should that be necessary.

Section 5 deals with the operations of the Farm Credit System Insurance Corporation [FCSIC]. The section authorizes FCSIC to allocate to System banks excess earnings of the insurance fund. Current law requires FCSIC to assess premiums until such time as the aggregate amount in the insurance fund equals the secure base amount. That number is equal to 2 percent of the insured liabilities of System institutions or such other amount FCSIC determines is actuarially sound. FCSIC assumes the secure base amount to be reached in early 1997, but current law provides no authority to deal with interest earnings once the secure base amount is attained.

This section provides for the rebate of excess interest earnings as well as authorizing the reduction of insurance premiums as the insurance fund approaches the secure base amount.

Section 6 of the legislation requires FCSIC to use the least costly approach should a System institution need assistance instead of the current requirement that any assistance provided must be less costly than liquidation.

Section 7 repeals provisions of the 1992 Safety and Soundness Act that require a new, full-time board to govern FCSIC. This is an unnecessary and costly requirement. The amendment would retain the status quo with the FCA board, a full-time, presidentially appointed panel, responsible for insurance fund activities.

Section 8 authorizes FCSIC to act as either a conservator or receiver.

Section 9 empowers FCSIC to prohibit or limit any golden parachute or indemnification payment by a System institution in troubled condition. This legislative language conforms to similar provisions contained in the Federal Deposit Insurance Act.

Section 10 extends authorizations currently enjoyed by System banks to other System institutions. These authorities would provide for the formation of administrative service entities but does not extend to the offer or sale of credit or insurance services to System institution borrowers.

Section 11 removes borrower stock requirements for any loan originated for sale into the secondary market. Current law requires System institution borrowers to purchase and maintain stock or participation certificates in the institution which originated a loan even though the loan was intended to be sold into the secondary market.

Section 12 removes or changes paperwork requirements currently in place, including disclosure requirements, compensation of certain System institutions' personnel and procedures for the approval of joint management agreements, as well as allowing for a borrower to finance more than 85 percent of the value of real estate if the borrower obtains private mortgage insurance.

Section 13 removes the certification requirement by the Rural Utilities Service [RUS] administrator for the private sector financing of loans or loan guarantees to borrowers who otherwise would be eligible to borrow from the RUS.

Finally, Section 14 provides the flexibility for evolving cooperative structures, including dealing with such issues as dividend, member business and voting practices. Current law requires rigid procedures to maintain borrowing eligibility from a System bank for cooperatives. The language would allow coops to adapt their operations, with the continued traditional farm relationships, so they may continue as a borrower of banks for cooperatives.

Mr. Speaker, the cooperative Farm Credit System has made great strides since the 1987 Agricultural Credit Act brought the System back to its feet. Institutions have provided for the repayment of the assistance received from the 1987 act. System institutions have consolidated and reformed their operations much as the 1987 act contemplated. The System is to be congratulated for these improvements and their diligence in fulfilling the agreements they made with the Congress and each other. FCA has provided sound and efficient regulation; FCSIC will assure the System continues to move forward into the next century. This bill will assist the System institutions in moving forward, and I would hope the House could adopt this bill at its earliest opportunity. Thank you, Mr. Speaker.

RECOGNITION OF REAR ADM. JOHN HEKMAN

HON. RICHARD W. POMBO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 13, 1995

Mr. POMBO. Mr. Speaker, I rise today to recognize and honor Rear Adm. John Hekman, Supply Corps, U.S. Navy, as he prepares to retire on 28 July 1995. Rear Admiral Hekman is completing over 33 years of dedicated service to the Navy and our Nation.

A native of Ripon, CA. Rear Admiral Hekman graduated from Calvin College and was commissioned through Officer Candidate School in 1962. He subsequently earned a Masters of Business Administration degree from George Washington University, and is a graduate of the National War College, class of 1980. Rear Admiral Hekman is a CAPSTONE Fellow and a 1992 graduate of the Senior Executive Program in National and International Security at Harvard University.

For the final tour of his distinguished career, Rear Admiral Hekman currently commands the Naval Information Systems Management Center in Arlington, VA, and is the principal assistant to the Assistant Secretary of the Navy for Information Resources. In his current position Admiral Hekman has provided the leadership and direction for business process reengineering, information technology, enterprise planning, and the procurement of ADP equipment and software for Navy and Marine Corps activities.

Rear Admiral Hekman's other tours ashore have included command at the Defense General Supply Center in Richmond, VA, and the Navy Supply in Charleston, SC. He has also served at the Navy Finance Center, Cleveland, OH; Navy Supply Systems Command, Washington DC; Navy Fleet Material Support Office, Mechanicsburg, PA; Staff of U.S. Pacific Fleet, Pearl Harbor, HI; and at the Naval Support Activity, DaNang, Vietnam.

Admiral Hekman served at sea aboard U.S.S. *Fiske*, a destroyer that participated in the 1962 Cuban crisis and made deployments to the Mediterranean and Indian Ocean while he was aboard. He also served on the U.S.S. *Samuel Gompers,* a destroyer tender and on the staff of Cruiser Destroyer Group One where he served in the Western Pacific.

Admiral Hekman's decorations include the Defense Superior Service Medal, the Legion

of Merit with one Gold Star, the meritorious Service Medal with two Gold Stars, the Navy Commendation medal with Combat ''V'', the Navy Achievement Medal, and numerous unit and campaign medals. He is a dynamic and resourceful naval officer who throughout his tenure has proven to be an indispensable asset to our nation and Navy. His superior contributions and distinguished service will have long term benefits for the U.S. Navy.

Mr. Speaker, John Hekman and his wife Gail have made many sacrifices during his 33-year naval career. It is only fitting that we should recognize their many accomplishments and thank them for the many years of service to our country. I ask all of my colleagues on both sides of the isle to join me today in wishing this great American every success as well as ''Fair Winds and Following Seas'' as he brings to close a long and distinguished career.

S.O.S.—SAVE OUR SENIORS

HON. RON PACKARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 13, 1995

Mr. PACKARD. Mr. Speaker, this week we have witnessed, once again, the Democrats' steadfast opposition to change. Day after day, hour after hour, Democrats insist on playing politics as usual. I am tired of their obstructionist attitude, and so are the American people. When will they realize that America is crying out for change? Republicans have heard the message and are ready to act.

The Medicare crisis paints a crystal clear picture between the party of obstruction and the party of action. According to President Clinton's Medicare trustees, in just 7 years, Medicare will be bankrupt and 37 million senior and disabled Americans will be left out in the cold.

Are we going to wait until then, until it's too late, to do anything? I will not stand by and watch Medicare spend itself into bankruptcy. That is why I fully endorse the Republicans' statement of principles for strengthening Medicare for the 21st century. We must act now to save Medicare.

Thankfully, the President has finally acknowledged the need for action over Medicare. When will the rest of the Democrats wake up to this reality? How much longer will they continue trying to prop up a rotting status quo, blissfully unaware that by their actions millions of Americans will suffer? The fact is, they don't know what else to do. They have no ideas of their own. All they offer is obstruction. Well, I would like to repeat to them the British Prime Minister's words last week to his opponents, ''put up or shut up.''

A SPECIAL SALUTE TO KALEIDOSCOPE MAGAZINE

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 13, 1995

Mr. STOKES. Mr. Speaker, I rise today to salute an outstanding new publication which is enjoying wide circulation in my congressional district. Since its founding in 1992, Kaleidoscope magazine has more than tripled its circulation. In fact, the magazine is the largest African-American owned and operated periodical in the State of Ohio, with a circulation of more than 20,000.

Kaleidoscope brings a refreshing and unique perspective on a variety of issues of importance to the community. The magazine often highlights individuals who represent professional fields including business, medicine, politics, and law, just to name a few. Kaleidoscope is very popular for its Forty-Forty Club, which focuses on African-American achievers in the Greater Cleveland area who are 40 years of age or younger.

Mr. Speaker, Kaleidoscope magazine can attribute its overwhelming success to the efforts of its publisher and coowner, Richard A. Johnson, and his talented staff. Mr. Johnson, who is a native of Cleveland Heights, takes responsibility for all aspects of publishing Kaleidoscope including editorials, advertising, production, and distribution. He enters the publishing arena with a wealth of experience and a vast knowledge of the greater Cleveland community.

Richard Johnson is a major consultant for minority outreach marketing campaigns. His efforts include work with The Center for Families and Children; Harambee, an organization which recruits black families for the adoption of black children; and MOTTEP, an organization which seeks to educate the African-American community on the issue of organ donation and transplantation. Mr. Johnson's affiliations also include advisory board memberships on the United Negro College Fund and the National Alzheimer's Association. He has been recognized by Crain's Cleveland Business as one of the top 40 leaders in the greater Cleveland area under the age of 40. In addition, the city of Cleveland recently saluted Richard Johnson for his community efforts by proclaiming October 7, 1994, as Richard A. Johnson Day.

Mr. Speaker, the promotion of Kaleidoscope Magazine is also being led by Kevin A. Carter. Mr. Carter serves as vice president and director of Diversity and Business Development for McDonald and Co. Securities, Inc. McDonald and Co. is the largest Ohio-based investment bank in the State. Without the business community's strong support for Kaleidoscope, it would not have been possible to move the idea forward.

Kevin Carter is a former senior analyst at LTV Steel, and a former senior consultant at Ernst and Young Consulting. He serves as president of the Cleveland Chapter of the National Black MBA Association and was elected to the 1993–94 Leadership Class of the Greater Cleveland Growth Association. Mr. Carter is a board member of the Cleveland branch of the NAACP. In addition, his board memberships include the Cleveland Convention Center and the Center for Contemporary Art.

Mr. Speaker, I am proud to applaud Richard Johnson, Kevin Carter and the entire staff at Kaleidoscope magazine. The wealth of information that Kaleidoscope shares with its readers is invaluable. I ask my colleagues to join me today in this special salute to Kaleidoscope magazine. I am certain that the publication will continue to enjoy great success.

THE PELL GRANT STUDENT/TAXPAYER PROTECTION ACT OF 1995

HON. MARGE ROUKEMA

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 13, 1995

Mrs. ROUKEMA. Mr. Speaker, I am pleased today to introduce the Pell Grant Student/Taxpayer Protection Act of 1995. This legislation would prevent a postsecondary school from participating in the Pell Grant Program if that school is already ineligible to participate in the federally guaranteed student loan program. Plain and simple, this legislation will make sure that if you have high default rates, then you should not receive any title IV higher education funding period.

This is a critical time for our country. Congress is trying to save taxpayer dollars while improving the quality of post-secondary education that is available to all Americans. We took strong steps forward in achieving this in 1992 when we reauthorized the Higher Education Act with nearly 100 sorely needed reforms that were good for students and good for taxpayers.

Reforms such as the 3 year 25 percent cohort default rate were intended to put an end to risk-free Federal subsidies for those unscrupulous, for-profit trade schools who promise students a good education that leads to a good job and then fail to deliver on that promise—at the expense of both students and the taxpayer. If these schools violated these rules, then they would be bounced from the program.

We have already determined that schools with unacceptably high student loan default rates should not be permitted to participate in the federally guaranteed student loan program. I submit that if a school is deemed ineligible to participate in the federally guaranteed student loan program, then it should also not be permitted to participate in the Pell Grant Program. While the House passed modified language addressing this concern in 1992, it was mysteriously dropped in conference. So, we are back here today discussing the one that got away.

If we could find a way to pay for an increase in title IV student aid programs, there would be a very few Members, if any, who would not be supportive. But, faced with a $4.7 trillion debt and annual deficits exceeding $200 billion, we do not have that luxury. However, today we have an opportunity to stretch our Pell Grant funds by disqualifying those schools that we have already disqualified from the federally guaranteed student loan program.

Today, the Senate Governmental Affairs Permanent Subcommittee on Investigations will be holding a hearing to examine the abuse of the Pell Grant Program by proprietary schools. In particular, the subcommittee will examine the case of a California-based trade school chain that allegedly stole millions in Pell Grant money, failed to reimburse loans, and filed false loan applications.

The title IV student aid program currently serves 2,487 proprietary schools, and proprietary schools represent 41 percent of all Pell Grant recipients. And, despite corrective actions taken through the 1992 Higher Education Amendments to prevent fraud and abuse of the Federal student aid program, this hearing only confirms that similar problems still persist,