

GOVERNMENT

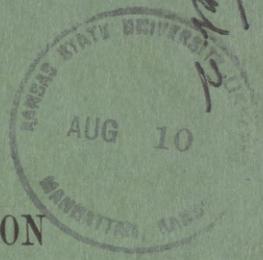
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COLLEGE STUDENT AID LEGISLATION

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HEARINGS
BEFORE THE
SUBCOMMITTEE ON EDUCATION
OF THE
COMMITTEE ON
LABOR AND PUBLIC WELFARE
UNITED STATES SENATE
EIGHTY-EIGHTH CONGRESS
SECOND SESSION

ON
S. 2490

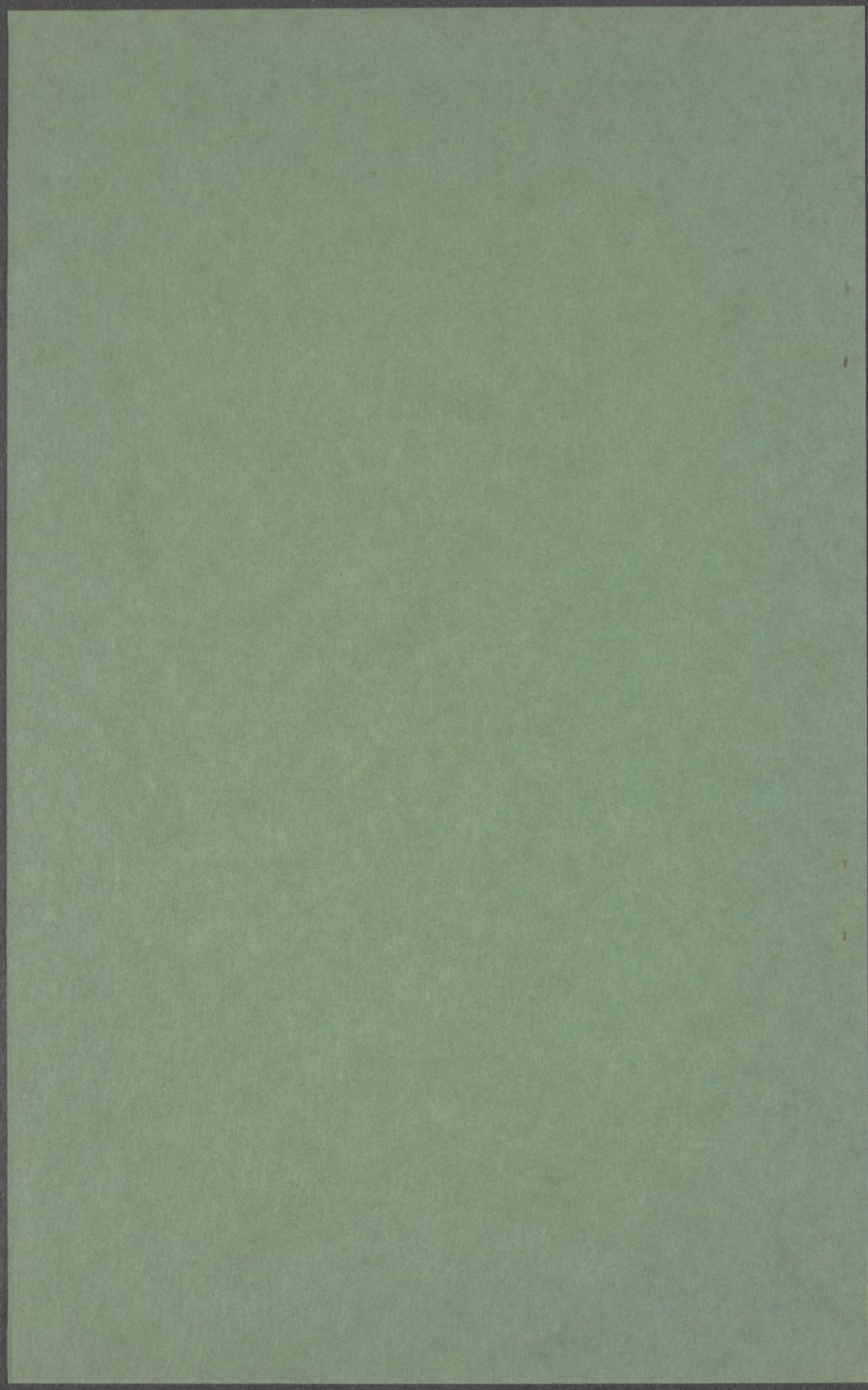
A BILL TO PROVIDE ASSISTANCE FOR STUDENTS IN
HIGHER EDUCATION AND TITLE I OF S. 580, EXPANSION OF
OPPORTUNITIES FOR INDIVIDUALS IN HIGHER EDUCATION

PART 2

MARCH 11, 18, 25; APRIL 9 AND 15, 1964

Printed for the use of the
Committee on Labor and Public Welfare





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U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1964

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COLLEGE STUDENT AID LEGISLATION

WEDNESDAY, MARCH 11, 1964

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 9 o'clock, a.m., in room 4232, New Senate Office Building, Senator Wayne Morse (chairman) presiding.

Present: Senators Morse (presiding) and Javits.

Committee staff members present: Stewart E. McClure, chief clerk; John S. Forsythe, counsel; Charles Lee, professional staff member of the subcommittee; and Michael J. Bernstein, minority counsel.

Senator MORSE. The hearing will come to order. I understand that we are to hear the following witnesses this morning on S. 2490 and title I of S. 580, the measures for college student aid.

First we are to have a panel of the National Commission for Cooperative Education. The participants will be Dr. Alex S. Pow, vice president of the University of Alabama; Mr. Emery F. Bacon, director of education, United Steelworkers of America, who I understand will also present a statement by Mr. David J. McDonald, president of the United Steelworkers of America; then will follow, according to the way this witness list is set up, Dr. Roy L. Wooldridge, dean and director of cooperative education of Northeastern University of Boston, with a statement also by Dr. Asa S. Knowles, president of that university, Northeastern University; and finally, they will be introduced by Mr. George E. Probst, the executive director of the National Commission for Cooperative Education, who will also present a statement by Dr. Ralph W. Tyler, director of the Center for the Advanced Study of Behavioral Sciences of Stanford, Calif. Our final witness will be a representative of the B'nai B'rith Vocational Service, Dr. S. Norman Feingold, national director of that organization.

Mr. Probst, since you are to serve as the head of this panel, would you have your witnesses come forward with you. I assume you have your material organized for your presentation and you may proceed in your own way. I am glad to have you here before our subcommittee. The procedure is entirely in your hands.

STATEMENT OF GEORGE E. PROBST, EXECUTIVE DIRECTOR, NATIONAL COMMISSION FOR COOPERATIVE EDUCATION

Mr. PROBST. Thank you, Senator Morse. We are very greatly honored by the opportunity to be here to speak to you about cooperative education and we will make every effort to be cogent. I want

particularly to present to you the facts about the work-study cooperative education programs that now exist in the United States, because that is what our proposal is based on, and to join with my associates here in proposing an important expansion of the work-study legislation now before you, and which is now being considered.

The 88th Congress in its 1st session has made a memorable record in adopting important educational programs. Because of you, Senator Morse, and the support that you and your associates have gotten and that you have given through your subcommittee, this Congress has broken new ground in behalf of education. It will go down in history as the Education Congress. This morning it is my privilege to present a panel of distinguished educators who propose to bring to your attention the possibility of doubling the number of college students who would have the opportunity to attend college through self-supporting off-campus jobs, full time, and we believe this will enable you and your associates to break important new ground for higher education.

Like the President of the United States, and many Members of Congress, there are many of us who worked our way through college. Here in America no one is degraded because he works, for everyone about him works also. There are a number of important educational advantages to be found in the experience of work as we have all observed and as our work-study cooperative education research has shown, as I will try to show in a moment.

It is for this reason and for the important economic assistance that work-study can give in enabling thousands of qualified students to attend college that the four panel members here this morning speak in behalf of expanding work-study cooperative education. On behalf of the National Commission for Cooperative Education—an educational association that was established 2 years ago to carry out the recommendations made in this study—I offer a new part to be added to the proposed legislation on education now before you. The members of the panel speaking in behalf of this measure are Roy L. Wooldridge, dean and director of cooperative education, Northeastern University of Boston; Dr. Alex S. Pow, vice president of the University of Alabama; Emery F. Bacon, director of education, United Steelworkers of America; and myself.

The proposal titled, "Student Work-Study Cooperative Education Programs at Institutions of Higher Education" which it is my privilege to present to the distinguished members of this Senate subcommittee, has the purpose—

To provide for students in higher education increased opportunities for off-campus employment by establishing programs of work-study cooperative education.

Senator MORSE. That will be included in the record at the end of your testimony, Mr. Probst.

Mr. PROBST. Fine, Senator, thank you.

It advocates legislation to make \$3,500,000 a year available for 5 years to help additional colleges establish cooperative education programs. There are now 63 colleges and universities in the United States with programs of work-study. These work-study cooperative education programs enroll over 30,000 students at the present time. These students alternate on-campus academic study with off-campus wage-paying jobs in business, industry, the professions, government,

and service work, at the going rate of pay for each job. This program is most often called cooperative education, because the colleges and industry and others cooperate for their mutual benefit in setting up the employment program, of which the essential characteristic is that college students are periodically employed in full-time productive jobs during the course of their higher education, jobs found and selected by full-time faculty coordinators to contribute to their education.

What are the educational advantages of work-study cooperative education? This was evaluated in an important research study under the leadership of Dr. Ralph W. Tyler, who now serves as chairman, National Commission for Cooperative Education, and was chairman, study of cooperative education when the study was made 5 years ago.

I wish to tender this book "Work-Study College Programs: Appraisal and Report of the Study of Cooperative Education," by James W. Wilson and Edward H. Lyons (Harper & Bros., 1961), and to append it. It is the complete report of the 2-year study of cooperative education.

Senator MORSE. I understand that you have furnished a copy of this book.

Mr. PROBST. We have provided it; yes, sir.

Senator MORSE. The book that has been identified by you will be incorporated as an appendix in this record, to be used as a reference work by members of the subcommittee and members of the staff as we take up in executive sessions—this work-study program.

(The material referred to will be found in the appendix to the record.)

Mr. PROBST. Thank you, Senator.

This study of cooperative education found the evidence that work-study programs at the college level can make a substantial contribution to solving some of the problems of higher education. This 2-year research study is described in the statement on "The Values of Cooperative Education," by Dr. Tyler, which I wish to submit for him to the subcommittee on his behalf.

Unfortunately, Mr. Chairman, Dr. Tyler is at a Governors' conference in California and he could not be here to present this himself.

Senator MORSE. The statements that you refer to of Dr. Tyler will be incorporated in the record.

(The statements referred to follow:)

PREPARED STATEMENT BY RALPH W. TYLER, DIRECTOR, CENTER FOR ADVANCED STUDY IN THE BEHAVIORAL SCIENCES, STANFORD, CALIF., CHAIRMAN OF THE COMMITTEE ON THE STUDY OF COOPERATIVE EDUCATION, AND CHAIRMAN OF THE NATIONAL COMMISSION FOR COOPERATIVE EDUCATION

THE VALUES OF COOPERATIVE EDUCATION

At the University of Cincinnati in 1906, Herman Schneider (later dean of engineering) began a revolution in American higher education. In that year Dean Schneider inaugurated cooperative education—the combination of work and study as integral parts of the educative process. His plan was a simple one. He believed that if college students could spend some time working in industry, applying classroom theory to practical work situations, their education would become richer and more meaningful. To accomplish this, he divided his students into two sections. One section of students would attend classes while the other section would be holding jobs in industry. After a specified period of time, the students in these two sections would change places.

Dean Schneider's idea of cooperative education, which began with 27 engineering students, can rightfully be called a revolution because it embodied a new concept in curriculum planning and organization which has flourished. Today, thousands of cooperative students each year are enrolled in over 60 baccalaureate-degree-granting institutions, many technical institutes, and junior colleges, and a small number of graduate programs. Cooperative education has also reached secondary education and, across the country, thousands of high school pupils are involved in work-study programs. Cooperative education has expanded not only in terms of the number of students involved, but also in terms of the number of different curriculums in which students may enroll. Most programs of cooperative education are in engineering education, but many exist in business administration, home economics, nonengineering science programs, and in liberal arts. At the high school level, cooperative programs are used in commercial and technical training courses. This expansion of cooperative education in the United States has been paralleled by its growth in such countries as England, Germany, and Russia where, at the present time, its merits and usefulness and the advantages of further expansion are being vigorously discussed.

The organization of the cooperative experience has changed since its inception in 1906. Dean Schneider's students alternated between the classroom and industry on a weekly basis. The periods of alternation are now lengthened so that most of them are organized in terms of alternating quarters or semesters. A few institutions have established what they refer to as a nonresident term. Their students do not alternate at regular intervals between school and work, but, once each year, leave the campus and spend about 2 months working with various business, industrial, and service organizations.

The organization of the cooperative experience has undergone two other kinds of change since its inception. Dean Schneider's students began their cooperative experience at the outset of their college program, and it was mandatory that all students participate. Today, some students begin their cooperative experience during their first year, others during their second year, and others during their third year. Also, some institutions require all students in a particular study program to participate in the cooperative experience, others make cooperative experience optional, and some make cooperative experience an "honors" program for which students must make specific application.

The 2-year research project undertaken by a special committee on the study of cooperative education began on July 1, 1958. James W. Wilson was selected as executive director of the study and Edward H. Lyons as associate director. The director and associate director began their work immediately. The study sought to appraise major aspects of cooperative education and to compare students and graduates in cooperative programs with those whose education did not include a systematic coordination of work and study experience. The investigation was planned and conducted by the study staff with the counsel, criticism, and encouragement of the study committee. The study committee members were active participants in the work, as the research design was formed with their advice and modified by their comments. Each step of the findings was submitted to them for evaluation and comment and discussed at seven meetings, lasting 2 days each, through the spring of 1960. The investigation and the report were completed in 18 months, which time schedule kept the staff under continuous pressure. Nonetheless, at each meeting of the committee, plans were criticized, progress was reviewed, and the staff provided each committee member with a complete set of data. As the results of the study reached the committee and as we reflected upon them and discussed them, we reached certain conclusions and formulated certain recommendations about cooperative education.

The values of cooperative education

From the experiences of students and from the testimony of faculty members and graduates we conclude that cooperative education provides important educational values:

- (1) By coordinating work experience with the campus educational program, theory and practice are more closely related and students find greater meaning in their studies.
- (2) This coordinating of work and study increases student motivation. As students see connections between the jobs they hold and the things they are learning on the campus, they become more interested in academic work.
- (3) For many students work experience contributes to a greater sense of responsibility for their own efforts, greater dependence upon their own judgments, and a corresponding development of maturity.

(4) Because the work experiences involve the students in relations with coworkers who come from a variety of backgrounds, and because success in these jobs requires constructive relationships with colleagues, most students in cooperative education develop greater understanding of other people and greater skills in human relations. Particularly important in this connection is the value obtained from the contacts made with adults in a variety of situations, thus helping to break down the segregation of college students into a wholly adolescent community.

(5) Cooperative education helps markedly to orient college students to the world of work. Most college students are greatly concerned about their future lifework. They want to know more about the range of occupations available to them and the potentials and limitations of these fields. They want to know about the qualifications demanded and their own fitness for them. Cooperative education furnishes students with opportunities for exploring their own abilities in connection with real jobs, and they find a direct means of gaining vocational information and vocational guidance not only in the occupations in which they are employed but in a number of related fields as well. They have a chance to test their own aptitudes more than is normally possible on the campus. Furthermore, in many programs of cooperative education, students are enabled to understand the meaning of work to the individual and the function of occupation in providing the wide range of goods and services characteristic of our economy.

(6) From the standpoint of the Nation, with its increasing need for well-educated people in science, engineering, business, and the professions, as well as from the standpoint of individual self-realization, cooperative education has an important value in making higher education possible and attractive to many young people who would not otherwise go to college. Many students' on-the-job earnings have made their college education financially possible. The assurance of having a job while in college makes cooperative education seem practical to young people and their families who have had no previous connections with colleges and are skeptical of the values of "book learning" and of their own potential for college work.

(7) As work programs are planned and developed and as the students rotate from college to work and back to college again, the faculty is better able to keep in touch with business, industry, and some of the professions. In many of the colleges information gained through these contacts is used in planning the curriculum and in teaching, thus contributing greater educational vitality.

(8) Because cooperative education is commonly organized so that half the students are at work while the other half are on the campus, the plan permits more efficient utilization of the college plant and other facilities. Many colleges use their facilities little if at all during the summer. In most cooperative programs the plant is used throughout the year. This arrangement also makes it possible to graduate more students than the conventional program using the same facilities. From 14 percent to 60 percent more students can be graduated, the exact percentage depending upon the rotation plan, the number of years during the student's career when he is involved in a work-study plan, and the number of years the program has been in operation.

In addition to these eight clear-cut education values, the committee noted evidence and testimony supporting several other advantages which are possible through cooperative education. A number of business and industrial firms find the cooperative program a means of maintaining a flow of trained personnel. It often provides a means for attracting promising young people into the occupation and serves as an actual testing ground so that employers are able to identify and select more readily persons with needed abilities and talents. For the student, cooperative education furnishes contacts useful in later occupational placement, and for many it gives a head start in salary and position as they graduate from college and go into full-time employment. For most married women, the work experience is greatly valued because through it they develop initial skills in an occupational area and have greater confidence that they can return to productive employment after their children no longer need a great deal of their attention. Finally, we noted that a number of the colleges found cooperative education providing greater recognition by the community of the services that colleges are rendering to it and thus furnishing an additional basis for moral and financial support to the colleges from the community.

Problems in programs of cooperative education

As the committee examined the results of the study and found these values in cooperative education we were also concerned with possible disadvantages. Contrary to the objections sometimes made, most of the students and faculty reported no problem was encountered as students shifted from college to work

and back again. There is not a great deal of confusion or lost motion in this rotation. Most students did not find that they were forgetting their academic work while on the job but were continuing to use spare time in study as well as in social and cultural activities. Interestingly enough, the great majority of the faculty did not find that cooperative students were any less creative or imaginative nor any more "reality bound" than students in conventional college programs. Furthermore, the cooperative students participated in extracurricular activity to about the same extent as students in other programs. In these respects, cooperative education does not have the disadvantages sometimes feared.

In most of the cooperative programs, the student spends an extra year in completing his undergraduate education. In some, where the work experience is concentrated each year into the winter term, or the summer term, the course is no longer than the conventional one. To some students, the added year is a disadvantage, but for those who without the opportunity for cooperative work could not have gone to college at all or would have had to work long enough to save up the money to cover part of their college expenses, this is not an added year. The data obtained from the graduates indicate that the cooperative students have not been slowed down in their occupational careers, because they are employed on graduation at a level as high as or superior to students in the same occupation who graduated and entered full-time employment the year before.

Cooperative education programs require careful planning and appropriate staffing or they will fail to attain other potential values. The colleges must provide coordinators to work with employers and with students on the job. The costs of coordination are usually as great as the savings involved in the fact that each student is on the campus only half a year. Furthermore, additional faculty members are needed in programs which run 12 months a year so that every teacher has some time for his own study and vacation.

A work-study program may seem a disadvantage to the employing firm unless provision is made for coordination by the employer as well as the college. Work experience to serve educational purposes and to provide trained personnel for business and industry must involve appropriate movement from job to job within the company to furnish the range and sequence of experiences that are necessary to continued learning. Cooperative education is not a cheap means of getting trained men and women but it can be a highly effective one.

One last difficulty of cooperative education was noted by the committee. Business recessions can seriously affect the placement of students if training budgets are then greatly curtailed or discontinued. Only by the clear recognition on the part of the employer that the work-study program is an essential part of the firm's operation and not a luxury or a gratuity given to the college or the student in affluent times can the necessary stability of cooperative education be maintained.

Our review of these possible disadvantages led us to conclude that none of them is real when adequate coordination is provided both by the college and the employers and when the employers provide necessary stability to the employment opportunities for students. The values of cooperative education are very significant and the problems are soluble.

The study committee's recommendations

As the committee studied the returns from the investigation and as we reviewed our own experiences and our conversations with colleagues we found ourselves frequently concerned with two questions: (1) When a number of the cooperative programs are making important contributions, why are some achieving only part of their potential? (2) Why are less than 5 percent of American colleges and universities using cooperative education?

Our deliberations on these questions led us to identify improvements needed in some cooperative programs so that they may more adequately achieve the desired educational values. We also considered possible extensions of work-study programs and the need for more information by colleges and the general public. These represent the substance of our recommendations.

Improving present programs of cooperative education

The most effective programs of cooperative education appear to be those which have been carefully worked out by each college in terms of its purposes, resources, and kinds of students served and in cooperation with employers. The types of work experience, the methods of coordination, the time rotation involved and other features are planned to maximize the values that the program can provide in the local situation. When cooperative education is treated as a method for relating theory to practice in education, and when flexible arrangements and varied

procedures are evolved rather than a rigid set of operations, the resulting program is more likely to become a successful one. Hence, we recommend the use of imagination in developing programs that are appropriate to the conditions and purposes of the individual college.

Some of the programs suffer from lack of understanding on the part of many members of the faculty. Usually in these cases the plans were worked out some years ago and the current faculty has not been directly involved in the program development. Often, the new faculty members do not take advantage of the opportunity provided for tying together the student's work experiences and his studies. We recommend that initiating a plan of cooperative education the faculty be intimately involved in planning, particularly as it relates to their own teaching, and that after the program is established there be continuous or periodic participation by the faculty in planning and coordination so that they will have a more adequate understanding of its potential and problems.

The more effective programs appear to have gained the understanding and support of the employers involved and are treated as an integral part of the company's personnel program. Hence, we recommend that primary attention be given to a close and responsible relationship between the employer and the college in the planning of work experiences, in the selection of students qualified to undertake the job assignments, and in the maintenance of a relatively stable level of cooperative employment through the fluctuations of the business cycle. This responsible relationship also helps in dealing with individual problems as they arise since the college coordinator and the coordinator in the employing organization are both familiar with the purpose and plan of the program.

We noted that some colleges were using the cooperative plan to increase their efficiency in use of resources, particularly the plant and facilities, while in other colleges little attention was given to this problem. We recommend that all colleges carrying on cooperative education give attention to the ways in which the program can be arranged to use facilities more efficiently.

Extending programs of cooperative education

In the light of the tremendous needs in the decades ahead for a much larger number of well-educated people in science, technology, business, and the professions, a program which increases motivation, helps the student to find more meaning in his school studies, attracts more able young people into higher education, and enables more of them to go to college should be extended far beyond the relatively small number of colleges now using cooperative education. So our first recommendation is to extend cooperative education much more widely.

We want not only to make the general recommendation but to mention some areas where there are few or no present programs in cooperative education. Teaching, social work and the civil service are three occupations in which there are serious shortages of trained personnel. It seems likely that cooperative programs specifically designed to meet the peculiar needs of each profession would attract additional students and help to improve their educational experience. In general we recommend exploration and experimentation with cooperative programs in a much wider range of occupational fields.

There are only a few liberal arts colleges employing cooperative education. The findings of this study indicate both the values and feasibility of cooperative education in colleges of liberal arts. We recommend great expansion of such programs.

Cooperative programs for men are much more common than for women and yet the findings of this study indicate the values of such programs for women in career exploration, in developing self-confidence, in maturing judgment and in developing greater independence. We recommend more experimentation with cooperative programs in the education of women.

There is also need to develop, on the part of secondary school personnel and students, a better understanding of the philosophy underlying cooperative education, the basic assumptions governing the programs and their potential values. This understanding is essential to the intelligent guidance of students who are interested in such a plan of education. Finally, parents of high school and college youth need to be informed in order that their part in advising and aiding students can be wisely performed. Hence, we are recommending that an extensive campaign of information about cooperative education be developed for each of these groups.

In conclusion, the committee's judgments can be summarized as follows: Cooperative education has important values for colleges and universities, for students and employers. These values should be given wide publicity. The unanimous recommendation of the 12-member study committee was that op-

portunities for cooperative education should be greatly expanded in American higher education.

BACKGROUND OF THE STUDY OF COOPERATIVE EDUCATION

As president of the Thomas Alva Edison Foundation, Charles F. Kettering suggested and sponsored the national conference on "Cooperative Education and the Impending Educational Crisis," held in Dayton, Ohio, on May 23 and 24, 1957. At this meeting, a wide representation of higher education and of business and industry heard reports on existing working models of cooperative education.

The Dayton conference agreed that research was needed on the advantages and disadvantages of alternating employment and study in higher education. Research was equally needed in the specifics of cooperative education programs, such as curriculums, relations to industry, economics of organization, and nature of the service to students. Thus, the 1957 national conference led directly to the Study of Cooperative Education, which got under way in 1958 with a grant of \$95,000 from the Fund for the Advancement of Education. The Committee of the Study of Cooperative Education consisted of:

Dr. Ralph W. Tyler, chairman, director, Center for Advanced Study in the Behavioral Sciences.

Dr. William C. Fels, president, Bennington College.

Dr. Samuel B. Gould, chancellor, University of California at Santa Barbara.

Dr. Edwin D. Harrison, president, Georgia Institute of Technology.

Donald C. Hunt, director, coordination and placement, University of Detroit.

Dr. Walter C. Langsam, president, University of Cincinnati.

Kenneth A. Meade, manager, educational relations, General Motors Corp.

Kenneth G. Patrick, vice president, Council for Financial Aid to Education.

George E. Probst, executive director, Thomas Alva Edison Foundation, Inc.

Dr. Thomas G. Pullen, Jr., Maryland State superintendent of schools.

Dr. O. Meredith Wilson, president, University of Minnesota.

The staff was Dr. James W. Wilson, executive director, now Dean of the College of General Studies of Rochester Institute of Technology, and Edward H. Lyons, associate director, now with the Department of Coordination and Placement, University of Detroit.

The findings of the study are published in the book, "Work-Study College Programs," by James W. Wilson and Edward H. Lyons, and the pamphlet, "Report on Cooperative Education," by Ralph W. Tyler and Annice L. Mills.

REPORT ON COOPERATIVE EDUCATION

SUMMARY OF THE 2-YEAR NATIONAL STUDY OF COOPERATIVE EDUCATION MADE POSSIBLE BY A GRANT FROM THE FUND FOR THE ADVANCEMENT OF EDUCATION

By Dr. Ralph W. Tyler, chairman, study committee, and director, Center for Advanced Study in the Behavioral Sciences, and Annice L. Mills, secretary, study committee, and director, conferences and publications, Thomas Alva Edison Foundation.

I. WHAT IS COOPERATIVE EDUCATION?

Last November, if you had traveled around the country, you could have met college students such as these:

A young man at work at the Republic Aviation Co., who is a student of engineering at the University of Detroit. An editorial assistant at South-Western Publishing Co., who is working for her business administration degree at the University of Cincinnati. A student of General Motors Institute experimenting in a sound laboratory at the Frigidaire Division of General Motors. A history major at Antioch College taking down news stories in the Associated Press office in Washington.

All these young people reported for work just like any other employee, earning full wages for their positions. Although they were not then attending any classes, they were all enrolled college students working for degrees. All are on a program called cooperative education, and the work they do is a degree requirement: they must build up a satisfactory work record, as well as pass their courses, in order to be graduated.

Cooperative education was originated in 1906 by Dean Herman Schneider, of the College of Engineering at the University of Cincinnati. His plan was a simple one. He believed that if college students could spend a portion of time working in industry, promptly applying the knowledge and theory gained in school to practical work situations, their education would be richer and more meaningful. "It is a good thing," he said, "for a man to sweat his way toward the truth." Dean Schneider called his plan cooperative education because it depends essentially on the cooperation of industry.

Charles F. Kettering, the inventor of the self-starter and for many years the director of research for General Motors, was a close friend of Dean Schneider. Mr. Kettering employed cooperative students at General Motors, helped establish the General Motors Institute as a cooperative school, and also hired cooperative students in his own research laboratories. In 1957, he wrote of the cooperative plan: "What gives cooperative education its strength is that it lapwelds theory from the classroom with practice on the job. It creates a weld that is much stronger than the butt-welding of a college degree followed by employment, the two touching at only one line of contact."

Dean Schneider started with a group of 27 engineering students, who spent 2 weeks in class and then 2 weeks at work. Other institutions of higher education saw the potential of the program, and it was introduced at Northeastern University in 1909, at the University of Detroit in 1911, at Drexel Institute of Technology in 1920, and for the first time in a liberal arts college at Antioch in 1921. Today, some or all students in 63 colleges and universities are on the cooperative plan, majoring in engineering, business administration, the liberal arts and other fields.

Flexibility of the cooperative education idea

One of the strengths of cooperative education is the flexibility of the principle of integrating theoretical study and practical employment. It has proved adaptable for men and women students. Among the cooperative colleges and universities are almost every type of institution of higher education in this country. There are coeducational institutions, men's colleges, and women's colleges. Some of the cooperative colleges are public municipal colleges in large cities, most of whose students live at home and commute to classes. (Some of the cooperative colleges also have many evening students. Others are residential colleges located in small towns. Thus, the cooperative students sometimes live at home both when they are in classes and on cooperative jobs. Others may go away to college, but live at home during work periods. Or they may live at home when they are in classes, but travel to another city for their jobs. Or they may live away from home both at college and on the job.

Cooperative education programs can include all or only some of the students. At some institutions, every enrolled student must participate in the work periods. Very commonly, cooperative education is offered in some, but not all, departments or schools of the college or university. At others, it is an optional alternative that only some of the students choose. At still others, it is an honors program for which a student must be specially selected. At a few schools even first-year students start the alteration of work and study, but in most cases the students spend 1 or 2 full years in course work before they start their cooperative jobs.

In some programs, the student will return to the same company for each of his work periods, and in other programs, he will hold jobs with a variety of employers. Especially in engineering, the cooperative program is organized so that the student returns to the same company and completes a "job circuit" of progressively more responsible positions. Other programs, especially in the liberal arts, intentionally place the student with a number of employers so that the student has the opportunity to learn the functions of a variety of organizations in the American economy and government.

A year-round program

The cooperative student is usually in classes or on his cooperative job throughout the year, except for 1 summer month of vacation and the traditional academic recesses at Christmas and Easter. If the college is on the semester basis, the student will alternate semesters in classes with semesters at work; if the college is on the quarter system, classes and work are alternated by quarters. In either case, both the study and the work periods are long enough to allow for real accomplishment and progress.

The question is often asked whether the student finds it hard to shift his attention from classwork to his job, and back again; the study of cooperative education found that neither the faculty nor the students think this presents a

special problem. Nor do cooperative students lose out on extracurricular activities: at the University of Detroit, 3 of the 11 on the 1959 first team in varsity football were cooperative engineering students, and in 1958 the honor man in the mechanical cooperative engineering class was all-American in basketball.

Many, but by no means all, of the cooperative programs involve 5 years to complete the work for a bachelor's degree, which may appear to be a disadvantage. Cooperative students and graduates, however, believe that on balance they were not handicapped in the start of their careers or their graduate work. On graduation, they have already had work experience and often go to work for an employer for whom they had worked during one or more of their work periods. The jobs in which they start are at least as advanced as and often more advanced than those of other college graduates.

II. EDUCATIONAL ADVANTAGES

What is the aim of the students in spacing out their college studies with these jobs and why do the colleges and universities offer this program? In the opinion of these students and their colleges and now confirmed by the study of cooperative education this plan offers certain definite educational advantages:

1. By coordinating work experience with the campus education program theory and practice are more closely integrated and students find greater meaning in their studies.

2. This coordinating of work and study increases student motivation. As students see connections between the jobs they hold and the things they are learning on the campus greater interest in academic work develops.

3. For many students work experience contributes to a greater sense of responsibility for their own efforts greater dependence on their own judgments and a corresponding development of maturity.

4. Because the work experiences involve the students in relations with coworkers who come from a variety of backgrounds and because success in these jobs requires constructive relationships with colleagues most students in cooperative education develop greater understanding of other people and greater skills in human relations. It is particularly valuable for these students to work with adults as a bridge between their years of schooling—living almost entirely with their own contemporaries—and their own adult life among mixed age groups.

5. Cooperative education helps markedly to orient college students to the world of work. Most college students are greatly concerned about their future life work. They want to know more about the range of occupations open to them and the potentials and limitations of these fields. They want to know about the qualifications demanded and their own fitness. In cooperative education programs, students have opportunities for exploring their own abilities in connection with real jobs and they find a direct means of gaining vocational information and guidance not only in the occupations in which they are employed but in a number of related fields as well. They have a chance to test their own aptitudes more fully than is normally possible on the campus. With this realistic tryout, a student may discover that he wants a different career than the one he thought he wanted on entering college; he can then change academic plans to prepare for this more informed vocational choice. Furthermore, students are able to understand and appreciate more fully the meaning of work to the individual and the function of occupations in providing the wide range of goods and services characteristic of our economy.

We of the study committee agree with the cooperative colleges that these educational advantages of cooperative education are of great value.

A student of electrical engineering in the cooperative program of Massachusetts Institute of Technology summed up what the experience had meant to him by saying, "I have gained a perspective. First and foremost, I have been able to see and work with electrical engineering as it is practiced today. I now have a better idea of what an engineer actually does, rather than a preconceived idea gleaned from the Sunday Times want ads. I have learned a few basic technical skills and laboratory techniques which can only be acquired by experience on a job. I have had an opportunity to work with people who know what they are doing technically speaking, and I have been almost an apprentice to the skilled craftsman. This has frequently enabled me to ask questions and to get sound answers. Moreover, I have been able to see many different aspects of engineering; for instance, I have seen what people in research and in development engineering do, what production engineering involves, and how manufacturing is accomplished. I

have a better idea of what sales and management policies, labor relations, and personnel procurement in a large company entail. The other side of the coin is concerned with day-to-day, practical, earnest living with people and oneself. I have worked for and with people, and have learned from them, and, if I am not being too presumptuous, I have taught them as well. I have widened my horizons of human experience and, I hope, my understanding and appreciation of people."

Are cooperative students different from other students?

The study of cooperative education was concerned to find out whether there were particular ways in which cooperative students were distinguished from those of the traditional program. It was found that cooperative students show the same range of abilities on standard tests (for example, those of the College Entrance Examination Board) and achievements in high school in terms of grades, honors, and activities. During their college years, their achievements are as good as those of the conventional students, and they earn as high scores on the graduate record examinations in their major fields of study. The same proportion (about 35 percent) continue their education in graduate school as do other students.

In the comparative study, college goals for the individual students were examined. Differences were indeed found, but they are differences among the engineering, business administration, and liberal arts students, rather than differences between cooperative and conventional college students. It was found that all college students agree that the primary goal of higher education is a basic general education and appreciation of ideas. The engineering and business administration students in both types of programs, however, paired this goal as equal in importance with vocational training which develops skills and techniques directly applicable to one's career. The liberal arts students, as might be anticipated, ranked their goal as definitely second to general education in their own college goals. Thus it is clear that cooperative education—even though it integrates jobs into the college program—does not vocationalize education; it does not appeal to students who are "ultrapractical," nor does it make them ultrapractical. Like other college students, cooperative students value general education.

The study devoted much research to possible personal or social differences that might set cooperative students off from the mainstream of college students. It was found that cooperative students come from all levels of society—professional, middle-class, and working-class families—just as do other college students. The investigation of possible personality differences revealed that cooperative students are as varied as any other college group. It would be no more correct to draw up a composite portrait of "the typical cooperative student" than a portrait of "the average American college student." Both in the cooperative and the conventional student groups, the same broad range of character and interests was found. The value and appeal of cooperative education, then, is not limited to any special type of student.

One socioeconomic group is more heavily represented among the cooperative students, however, than in the average college population. About one-third of the cooperative students and graduates come from the lowest socioeconomic third of our population, contrasted with only about 20 percent of the conventional students and graduates from this group. It is a significant contribution to society for a college to attract more of these able young people whose parents may not have attended college and who may therefore not encourage their children to go. The progress of American civilization is based on a general upgrading of educational achievement, and cooperative education is making a more than proportionate contribution to this social goal.

III. HELPING TO MEET THE COSTS OF COLLEGE

The college men and women employed on cooperative jobs earn the going wages for the positions they fill. Often their income rises as they accumulate experience and progress through college. The study of cooperative education found that cooperative students earn from \$1,500 to \$7,300 during their college careers. Engineering students earn an average of \$7,000, business administration students average \$5,600, and liberal arts students \$3,700. There are some cooperative students who take unsalaried volunteer jobs, but typically the cooperative students have an income from their work. The 2,300 cooperative students of Drexel Institute of Technology earn about \$3 million annually. The 1,000 engineering co-op students of Georgia Institute of Technology earn about \$3 million annually; it would take an endowment of \$75 million to provide scholarship funds to replace

the students' annual earnings. Almost all cooperative students apply their earnings to college costs and their living expenses at college and while in cooperative jobs.

A useful comparison can be made with findings of a report from the University of Michigan Research Center: the average cost of attending college full-time for 1 year is \$1,550 (1959-60). In a State university or other publicly controlled school, the average cost is \$1,300, and in a privately controlled university, the average is \$2,200. Of all university and college students in the Nation, over half make some contribution from their own earnings to the expense of their education. Twenty percent of all college students earn less than \$500 a year, and 30 percent earn amounts between \$500 and \$1,500 a year. Earnings of more than \$1,500 are rare.¹

Cooperative students, then, are able to earn a greater than average share of their college expenses. However, very few cooperative students can finance all their college education entirely through their cooperative earnings; the families of half the cooperative students contribute 40 percent or more of their college costs (60 percent of the traditional students receive 40 percent or more from their families). Family support is important, but for about 50 percent of the cooperative students and graduates, college would have been doubtful or impossible without their own cooperative earnings (for comparable traditional students, only 37 percent reported that college would have been doubtful or impossible without working). In fact, one of the recurring problems for the cooperative colleges arises when a student attaches too much importance to the salary of a job that has fewer educational opportunities than a lower paying job. Although sympathetic with a student's need to earn money, the colleges consider that the ultimate value of a cooperative program is the educational benefit, and 64 percent of the cooperative students and graduates agree with this.

But if more than half of all college students are now working for some of their college expenses, one might ask why the college itself should undertake all the arrangements necessary in a cooperative program. The first reason is that the cooperative colleges and universities are enthusiastic about the educational results. Second, because the usual arrangement involves a pair of cooperative students who alternately keep a job filled, and because they work at other times of year in addition to summers, the cooperating companies can probably give better jobs to cooperative students than to the traditional students, who are available all at one time in the summer. And third, and importantly, the cooperative school makes a special effort to insure that the job has an educational component so that the working itself—and not the salary alone—makes a contribution to the totality of the college education. In addition, the cooperative students are seldom allowed to work part time while they are taking courses; therefore, when they are attending classes, no part-time job competes for their study time.

Important as the earnings may be to individual students and their families, the cooperative program insures that the job itself is a learning situation.

IV. COLLEGE ARRANGEMENTS FOR CO-OP EDUCATION

The study of cooperative education found that the most effective programs of cooperative education appear to be those which have been carefully worked out by each college in terms of its purposes, resources, and kinds of students served, and in cooperation with employers. The types of work experience, the method of coordination, the time rotation involved, and other features are planned so as to maximize the values that the program can provide in the local situation. When cooperative education is treated as a basic concept for relating theory and practice in education, and when flexible arrangements and varied procedures are evolved rather than a rigid set of operations, the resulting program is likely to become a very successful one. Hence, our committee recommends the use of imagination in developing programs that are appropriate to the conditions and purposes of the individual college.

As work programs are planned and developed and as the students rotate from college to work and back to college again, the faculty is better able to keep in touch with business, industry, and some of the professions. In many of the colleges, information gained through these contacts is used in planning the curriculum and in teaching, thus contributing to greater educational vitality.

Some of the programs, however, suffer from lack of understanding on the part of some members of the faculty. Usually in these cases the plans were worked

¹ How People Pay for College. John B. Lansing, Thomas Lorimer, Chikashi Moriguchi. University of Michigan Survey Research Center for the U.S. Office of Education, 1960.

out some years ago and the current faculty has not been directly involved in the program development. Often new faculty members do not take advantage of the opportunities provided for tying together the student's work experiences with his studies. The study committee recommends that the faculty be intimately involved in the planning and initiating of any new cooperative education program. After the program is established, there should be continuous participation by the faculty in the review and coordination so that they will have a more adequate understanding of the potential and the problems to guide their own teaching.

V. THE COORDINATOR

Cooperative schools employ one or more persons to coordinate relations between education and industry. Often called a coordinator, this staff member is usually a full-time faculty member with academic rank. Doing a job that contains many elements above and beyond vocational guidance, he is the single individual most responsible for success of the unique feature of cooperative education: the employment of students in jobs that contribute to their education. The coordinator is also responsible for developing and maintaining good relations with the firms and organizations who employ students during their work terms.

The coordinator holds orientation sessions with groups of students before they leave campus for their first work assignments, interviews the students individually before he places them, and usually sees each of them when they return from a job. He keeps a cumulative employment file on each student, and is informed of the students' academic progress. But his job is not only a campus job.

It is considered good practice for a coordinator to visit each employer at least once a year to talk with those who place and supervise his students. If the college has cooperative arrangements with firms over a wide geographic area, this may involve a very ambitious travel schedule during certain times of year. Here he can make sure that students are being employed in ways that best capitalize on their abilities; he can "troubleshoot" in situations where a student is not doing well in a job; and he may be able to develop new opportunities for cooperation with the employers.

On campus, the coordinator is the person most responsible for assisting students in the integration of classroom and work experiences. Faculty members also have obligations for this integration. Some coordinators responding to our question about this responsibility felt that the integration took place automatically or that it was not necessary; the study committee believes that coordinators should take the initiative in this area if they are not already doing so.

The number of people needed to staff a coordination department varies with the number of students in the cooperative program. At Antioch, there are 10 full-time professional people, plus a clerical staff, for a student body of 1,450. Some programs are so small that one faculty member handles the counseling and job placement for all students involved, and can also teach some courses. Costs also vary: For 1960-61, Antioch estimated that their personnel department had a \$120,000 annual budget, of which 10 percent is for extensive travel, as Antioch places students throughout the Nation. A more localized set of cooperative arrangements would mean less travel and a smaller coordination budget. Coordination is more costly if students change employers several times in the course of their college careers, rather than returning to the same employer for successive work terms. In any case, coordination is an added cost to the college, but long experience has shown it to be a good investment to insure that the students' employment actually contributes to their education.

The coordination office can often include the functions of vocational guidance and the placement of graduates in permanent positions, in addition to the term-by-term placement of students.

VI. INCREASED UTILIZATION OF EDUCATIONAL FACILITIES

The added expense of maintaining a coordination staff, at a ratio of about 1 per 100 or 150 students, should be weighed against the possible economies of increased utilization of educational facilities with a cooperative plan. The first way in which cooperative education can be a saving is the operation of the college at full capacity throughout the summer. (This is, of course, possible without cooperative education.) The second and unique way in which cooperative education increases the use of facilities is through staggered student attendance. The cooperative students who are on the work block of the program are not in classrooms nor occupying dormitory rooms.

It is hard to generalize about the economies of cooperative programs because practices vary so widely on many arrangements. In some programs, all students of the institution, or all students of a school or department, participate in the cooperative program, but in others it is only selected students. Cooperative employment can be started in the first, second, or even third year of college. Programs operate on the three-term schedule or on the quarter basis. Some programs include many work periods so that the student spends 5, rather than the traditional 4 years in a B.A. program; others include fewer work periods and the student is graduated in 4 years.

In the most extreme case of a 5-year program with all students starting to co-op in their freshman year, the capacity for enrolled students is double that of the comparable traditional program. However, because the program requires 5 years instead of 4, the number of graduates is not doubled, but is about one-and-a-half times as great. Few cooperative schools, however, send first-year students on work periods, so that in practice the increase in enrollment is usually less than double that of a comparable traditional college.

In addition, the college must make new arrangements with its faculty. The faculty may prefer to teach more weeks each year for a greater salary. Year-round full operation of the college may require a larger teaching staff. Especially in arrangements with its faculty, each college must make decisions in light of its goals.

It is clear that there are additional costs for faculty and for coordinators in a cooperative program; however, the economies of a cooperative program that involves all students can be sufficient to result in a net saving in costs per graduate.

VII. EMPLOYERS OF COOPERATIVE STUDENTS

The employers of cooperative students include many of the country's major manufacturers, research laboratories, airlines, units of Federal, State, and local governments, banks, professional groups, hospitals, newspapers and publishing houses, department stores, and school systems and child care centers. The number of industrial and other employers of cooperative students runs into the thousands. No census has been done of employers cooperating in these programs, but we know that the University of Cincinnati cooperates with 500 companies in 30 States, Drexel with 600 companies in 16 States, and Northeastern places students with 900 companies. Usually a company employs cooperative students from several colleges and universities. General Motors, for example, employs 237 cooperative students from 18 different colleges and universities, as well as all the 2,500 students of its own General Motors Institute.

A number of graduates of the cooperative plan are now in positions of leadership in American life. To name only a few, Edward Cole, head of the largest division of General Motors, Chevrolet, and Cyrus Osborn, executive vice president of GM, are graduates. There is John L. Burns, president of RCA, and Kelly Y. Siddall, administrative vice president of Procter & Gamble, and Robert Erickson, executive vice president of Beckman Instruments, as well as Rod Serling, the television dramatist.

The more effective programs have gained the understanding and support of the employers involved, and are treated as an integral part of the company's personnel program. In a close and responsible relationship, the employer and the college have planned the work experience and the selection of students qualified to undertake the job assignments, and the employer maintains a relatively stable level of cooperative employment through the fluctuations of the business cycle. This responsible relationship also helps in dealing with individual problems as they arise, since the college coordinator and the employing organization are both familiar with the purpose and plan of the program.

One of the principal reasons cited by employers for participation in cooperative programs is that it provides them with a regular flow of qualified talent. The firm is able to observe a student through several months or even several years before having to decide whether to hire him permanently on graduation. In this respect, it is used as a recruiting and selection device to attract capable personnel with the best potential for specific areas of work in the company.

Executives of the Cincinnati Milling Machine Co., the Detroit Edison Co., Chrysler Corp., the General Electric Co. and General Motors Corp.—each of which has had extensive experience with cooperative students from several colleges over a number of years—were asked about the retention of graduates who have been employed as undergraduate cooperative students. The percentage of cooperative students retained by these organizations ranged from 40 to 89 percent, with an average retention of 55 percent. This compares favorably with the

average retention of other college graduates recruited, which was somewhat less than 50 percent. (In comparing these retention rates, it should be noted that the base group regarding cooperative students is all cooperative students employed by the company at some time during their undergraduate career, some of whom will have changed employers even before graduation, while the base group for other college graduates were all recruited after college graduation.)

The retention rates of cooperative graduates vary in a wide range. A greater percentage was retained in the case of companies that employ students from the plant community who attend a local college or university. It is also high in the special case of General Motors Institute, all of whose students hold cooperative jobs only in General Motors Corp., and who have been selected for permanent employment by a particular division before they are admitted to GMI. The retention rate of cooperative students was lower in programs where the company employs more undergraduate co-op students than they plan to hire on graduation and then selects a smaller number as permanent employees when they graduate.

Cooperative graduates as permanent employees

Cooperative graduates employed by the company in undergraduate years do not need as long to become oriented to their permanent jobs. They already know their way around the organization, they have developed an ability to get things done, and have learned how to get along with people with a diversity of skills and backgrounds. The conventional college graduates, in contrast, have associated during their college years mainly with students and academic people; while about half of them have worked either in the summers or during their school years, this work may have had no relation to their future employment goals. The Armco Steel Corp. college relations representative reports interviewing a young metallurgical engineer who had spent his four summer vacations working as an elevator operator; he had never been in a steel mill before visiting the company for his employment interview.

Employers believe that cooperative graduates have somewhat better judgment, are responsible, more mature, better oriented to industrial work, and better acquainted with company policies and practices than traditional college graduates. These differences disappear in from 2 to 5 years, but during these early years of permanent full-time employment, the cooperative graduate is judged to be more useful to his employer than the traditional college graduate.

Cooperative education relations with colleges appear to be advantageous for companies in terms of retaining employees. Costs of recruiting professional employees, especially engineers, have been quite high in recent years. It must be remembered, however, that in order to use this recruitment device, the company must have this student and his partner as an employee through a period of a year or more. The student is paid prevailing wages for his work. He may be entered in the retirement and other welfare benefits from the first day he works for the company. He may have to join a union in order to hold the job, or the company may have to negotiate special arrangements with the union in order to employ him.

Is it worthwhile to the company to have him as an employee during his college years in order to have a better chance of retaining him on graduation? Cooperating companies believe so. Nearly twice as many students could have been placed in recent years had they been available, according to estimates of college coordinators. Cooperative education might be regarded as a very costly recruitment and training device, and this would certainly be true if the students did not do productive work. In fact, however, employers believe the work the students do justifies the salaries they are paid, and, on the average, employers report the cooperative students are worth at least 80 percent of what they are paid. In many companies, the salaries of cooperative students are not carried on training budgets, but on the regular departmental budgets.

Employing companies find cooperative students valuable as semiprofessional technicians or aids working with members of the full-time professional staff. This allows the professional staff to concentrate their efforts and talents in creative work for which they are best qualified. It might be advantageous for a company which needs many aids or technicians to employ cooperative students even if its need for graduate engineers is much lower; no company is committed to offer postgraduate employment to all students it employs as undergraduates. As technicians, the cooperative students gain a breadth of knowledge of industrial operations and practical experience in such important areas as costs, quality control, and meeting schedule deadlines. It helps students learn to apply theoretical information to practical problems at a time when this knowledge is freshest in their minds, thus assisting in maturing them professionally.

An effective cooperative education program requires a high degree of cooperation between the company and the colleges and universities from which the students come. It is usually good practice to designate a specific personnel officer to keep in close contact with the coordinators in the cooperating colleges. The work program of the student should be carefully planned, with the employer and the educational institution working together to integrate the student's working and academic experiences. The daily supervision of the students is by the department heads of the departments to which they are assigned, of course; but the personnel officer responsible for the cooperative program will plan the rotation of students, see that department heads and others understand the aims of the cooperative program, and work with college coordinators if problems arise. Some companies hold employment orientation sessions when the students first arrive from the various colleges; these sessions may be continued to allow students to share experiences while on the job.

Students must be carefully selected to fit into the organization and have the potential to make some contribution to it. Techniques of selection similar to those used in recruiting college graduates and high school graduates to be trained in apprenticeship and other special programs should be utilized. The employer must look beyond the academic background of the student to his aptitudes and personal qualifications.

Students are often required by their college, the employer, or both to write a report on their employment term. This report coordinates the practical work and academic learning and helps develop skill in writing within his field. Students may have other writing opportunities. For example, at the Detroit Edison Co., the co-op student helps the engineers he works with to write reports, and news items or articles for Detroit Edison's newsletters.

The most serious problem in the maintenance of a successful cooperative relationship between a company and a college is the business cycle. In the 1958-59 recession, half of the 30 companies responding to the study's questionnaire reported no cutback in their cooperative programs; the others had to reduce the total number of students in the program or refrain from taking on new students. One company terminated the program. However, because of the backlog of requests for cooperative students, none of the colleges reported serious difficulties during the lag in business.

Only the clear recognition on the part of the employer that the work-study program is a long range and essential part of the firm's operation, and not a luxury or gratuity given to the college or the student in affluent times, can maintain the necessary stability of cooperative education. It is not only the college and students who suffer when a firm cuts back on its employment of cooperative students; the firm itself may create future shortages of trained personnel in its own staff by temporary cutbacks in this training program as in any other. The number of students to be employed should be determined on the basis of a realistic forecast of personnel needs 4 or 5 years hence, and it should continue in spite of fluctuations in the national economy.

Finally, employers of cooperative students are making a contribution to higher education by employing students in jobs which contribute to their education and in which students can earn some of their college expenses.

VIII. EXTENDING COOPERATIVE EDUCATION

There are tremendous needs in the decades ahead for a much larger number of well-educated people in science, technology, business, and the professions. Our first recommendation is to extend cooperative education much more widely. A program which increases student motivation, helps the student to find more meaning in his school studies, attracts more able young people into higher education and enables more of them to go to college should be extended far beyond the relatively small number of colleges now using cooperative education (about 5 percent of U.S. colleges and universities). The primary recommendation of the study committee of the study of cooperative education is that American education make wider use of the principle of cooperative education.

We want not only to make the general recommendation but to mention some areas in which cooperative education seems to offer promise of constructive contribution, although there are now few or no programs in these areas.

There are only a few liberal arts colleges making use of the cooperative education principle. The findings of this study indicate both the values and the feasibility of cooperative education in colleges of liberal arts. We recommend that other liberal arts colleges consider the potentialities of a program of work-study for their student bodies.

In extending cooperative education, we recommend exploration and experimentation with it in postgraduate education. The cooperative plan is now being offered in graduate work at the University of Cincinnati in engineering and the physical sciences, at the University of Detroit in business administration, and at Northeastern in engineering. We urge other institutions to experiment with postgraduate cooperative programs. Most graduate students are now employed part time as a means of financing their study, but the necessities of a job provide no guarantee of certain of the values of a work experience carefully planned to relate theory and practice. Here is a field of important pioneer work.

Cooperative programs for men are much more common than those for women and yet their findings of this study indicate the values of such programs for women in career exploration, in developing self-confidence, in maturing judgment, and in developing greater independence. We recommend a great increase in experimentation with cooperative programs in the education of women.

At present, cooperative education programs are most often found in engineering and business education. But it could be applied advantageously in other occupational fields. Teaching, social work, and the civil service are three occupations in which there are serious shortages of trained personnel. It seems likely that cooperative programs designed in each case to meet the special needs of the profession would attract additional students and help to improve their educational experience. There should be exploration and experimentation with cooperative programs in a much wider range of occupational fields.

Cooperative programs

The list, (p. 509), by States, of colleges and universities offering cooperative programs was compiled by the Study of Cooperative Education in the fall of 1958, with later additions that have come to the attention of the committee. It is to be noted that at many of these institutions, only some of the students are on the cooperative plan: it may be an optional plan, it may be offered in only some academic majors, it may be an honors plan.

For example, at the University of Cincinnati, all engineering and architecture students and some business administration students are on the cooperative program; at Antioch, all students in all fields of study are on the cooperative plan; at Cornell, the cooperative program is an honors program in engineering.

The interested student should write to the admissions office of the college or colleges of his choice requesting further information about the cooperative program and the other features of the college's programs.

Facts about the study of cooperative education

The information presented in this summary was gathered in the course of the Study of Cooperative Education. The full research report has been published in *Work-study College Programs: Appraisal and Report of the Study of Cooperative Education*, by James W. Wilson and Edward H. Lyons, with an introduction by Ralph W. Tyler (Harper & Bros., 1961, 246 pp., \$3.50).

Liberal arts, engineering and business administration programs were studied in 22 cooperative programs, and compared with programs in the same fields at traditional 4-year colleges as similar as possible in size and educational goals. A total of 5,300 students and graduates in the classes of 1939 to 1963 gave information through interviews or questionnaires.

The college experiences questionnaire and the college graduate experiences questionnaire were constructed especially for this study. The activities index and the college characteristics index were also used, as well as academic records from high school and college, and the college entrance examination and graduate record examination results.

The National Opinion Research Center conducted interviews with 235 cooperative education graduates and 251 other college graduates for this study; the average length of each interview was 1 hour and 15 minutes.

The Study of Cooperative Education was financed by a grant from the Fund for the Advancement of Education. Dr. Ralph W. Tyler served as chairman of the 11-member study committee, and the staff was Dr. James W. Wilson, executive director, and Edward H. Lyons, associate director.

Information was also given by 163 members of the faculty and administration of 28 colleges and universities; 16 coordinators of cooperative programs; and 30 employers of cooperative students.

Mr. PROBST. In addition, Dr. Tyler has prepared an article for this distinguished Senate subcommittee on "Cooperative Education

Has Great Potential Today," which I also submit as part of the evidence that supports the proposition that a substantial expansion of work-study cooperative educative education is desirable in this decade.

Senator MORSE. That will be incorporated in this record also.
(The article referred to follows:)

COOPERATIVE EDUCATION HAS GREAT POTENTIAL TODAY

By Dr. Ralph W. Tyler, director, Center for Advanced Study in the Behavioral Sciences, and chairman, National Commission for Cooperative Education, and chairman, Study of Cooperative Education

Cooperative education increases the educational effectiveness of the college and enables many able young people to go who would not otherwise attend. The expansion of work-study cooperative education is particularly important today because higher education has become essential for a much larger number of our people than ever before.

Gainful employment in an occupation, constructive participation in the responsibilities of citizenship, wise consumption of goods and services, and the attainment of individual happiness, require much more education now than in any previous period of our history. The rapid rate of technological change has profoundly shifted the opportunities for employment. At the turn of the century, 38 percent of the U.S. labor force was engaged in farming, now only 8 percent. In 1900, there were 12½ percent employed as laborers in factories, now there are less than 5½ percent. Then, white-collar workers were less than half those in skilled, semi-skilled, and unskilled labor. Now there are more white-collar workers than laborers. In 1900, professional and technical workers comprised 4 percent of the labor force, whereas they are now 11 percent. With the decrease in farmers and factory workers, there are great increases in science and engineering, in the health services, in administration, in recreational fields, in accounting, and controlling. Very few young people can find employment today who have less than a high school education and the unfilled demands are in jobs requiring college education. Cooperative education enables more young people to attend college and gets them started in these jobs.

The effective operation of our American political system requires informed citizens. In each community there are leaders of public opinion whose knowledge and wisdom help shape the attitudes and positions taken by the community on important political and social issues. Today these leaders of opinion need to have much more education than previously if they are to understand and help form wise positions on the basic issues of our times for the questions we face are complex. They involve the development and use of science and technology, the economics of trade and employment, the anthropology of newly emerging nations, the social and economic values of investing in human resources. A college education is essential to many people who help to shape opinions in the local communities. Cooperative education not only enables more young people to obtain a college education, but the cooperative work experience as is shown by the recent study of cooperative education helps them to gain greater meaning from their college work and to develop more mature judgments.

The great productivity of the American economy makes available to the American consumer a very wide range of goods and services. The kinds of choices which the individual or the family must make to gain the greatest health, development, and happiness from this wide array require an understanding of nutrition, of biology, of architecture and housing, of loans and investments, of educational potentials, of the satisfactions to be attained from books, music, art, recreation, and so on. A family with limited education commonly encounters many difficulties in constructive consumption. Those with college education are generally better equipped to make those choices which provide the underpinning for a full and constructive life for the family. Cooperative education gives the college student while he is away on the job more experience in making consumer choices and in learning the consequences of these choices.

Finally, a college education is more important than ever before in helping the individual person to realize his own potential. This has been partly touched upon in connection with occupations and employment. For the individual to exercise his full potential he needs to have a job where he can make a constructive contribution, and many more jobs now require a college education. But, the

individual is not only engaged in a job, he is capable of contributing and finding enjoyment at home in the community and alone. His opportunities to make helpful contributions and to gain satisfactions are greatly enhanced by greater understanding and appreciation of the world around him, of nature, and of the products of great writers, artists, musicians, and the like. Too many of us find life boring or meaningless because we have not learned how to use the great resources of beauty and knowledge around us, or because we do not understand the events in which we are involved. A college education can help the individual person to a fuller realization of his potential and cooperative education contributes by giving him an opportunity to use what he is learning in college while he is on a cooperative job, living as an adult in a community away from the college.

Because many more able young people should be gaining more education, and because cooperative education enables more of them to attend college and helps them get a better education, cooperative education should be greatly expanded.

Mr. PROBST. The Study Committee on Cooperative Education concluded that the combination of work and study is a good thing educationally. Dr. Tyler points out that—

Cooperative education helps markedly to orient college students to the world of work. Most college students are greatly concerned about their future lifework. They want to know more about the range of occupations available to them and the potentials and limitations of these fields. They want to know about the qualifications demanded and their own fitness for them. Cooperative education furnishes students with opportunities for exploring their own abilities in connection with real jobs and they find a direct means of gaining vocational information and vocational guidance not only in the occupations in which they are employed but in a number of related fields as well. They have a chance to test their own aptitudes more than is normally possible on the campus—

And—

From the standpoint of the Nation, with its increasing need for well-educated people in science, engineering, business, and the professions, as well as from the standpoint of individual self-realization, cooperative education has an important value in making higher education possible and attractive to many young people who would not otherwise go to college. Many students' on-the-job earnings have made their college education financially possible. The assurance of having a job while in college makes cooperative education seem practical to young people and their families who have had no previous connections with colleges and are skeptical of the values of "book learning" and of their own potential for college work.

The unanimous recommendation of the 12-member study committee composed of leaders of education and industry was that opportunities for cooperative education should be greatly expanded in American higher education.

"The Educational Values of Work-Study Cooperative Education for America Today" are discussed in the paper that I wish to attach to my statement. Let me give a brief overview of what cooperative education does uniquely and what are the values to the student in a work-study program that were discovered by the Study Committee on Cooperative Education. In the judgment of their teachers and after assessing the evidence gathered from the 5,300 students and graduates interviewed (1) the student was able to relate in a better way the theory that he acquired in the classroom and the practice that he developed in the job, (2) his work off campus developed his skills in human relations, (3) his job experience led to a wiser career selection, (4) the student acquired a better understanding of the "world of work," (5) the student found greater motivation and interest in his studies on campus as a consequence of job experience, and (6) the student earned an important needed financial return.

Dr. Ralph W. Tyler has concluded—

Cooperative education gives a student an education qualitatively superior in some respects to a conventional college education. Cooperative students become more mature, and their records in graduate school and in employment show that cooperative education is a first-rate education.

I have summarized the findings of "The Study of Cooperative Education" in a series of questions and answers which I draw to your attention. The evidence shows that all measures of academic potential and grades of cooperative students as contrasted to students in conventional college programs reveal that the two groups are equal in intellectual ability and achievement. Among the other questions dealt with in this attachment, may I remark upon question No. 4 that asks, "Can students finance a major part of their college expenses through jobs during work periods off campus?" The answer is that they can. After the freshman full-time on-campus year, the usual cooperative education student earns between \$1,500 to \$2,000 a year during his work periods that occupy half the year.

It is important to note that cooperative education was originated in 1906 by Dean Herman Schneider, of the College of Engineering at the University of Cincinnati. His plan was simple, being based on a belief that education would be richer and more meaningful if college students could spend a portion of time working, promptly applying knowledge and theory from school to practical work situations.

It was introduced at Northeastern University in 1909, at the University of Detroit in 1911, at Drexel Institute of Technology in 1920, and for the first time at a liberal arts college at Antioch in 1921. Today, some or all students in 63 colleges and universities are on the cooperative plan, majoring in engineering, business administration, the liberal arts, and other fields. The list of those universities and colleges now carrying on programs of cooperative education are printed in the publications of the National Commission for Cooperative Education—and I attach it.

Senator MORSE. That list will be attached.

(The list referred to follows:)

NATIONAL COMMISSION FOR COOPERATIVE EDUCATION,
New York, N.Y., December 20, 1963.

COLLEGES AND UNIVERSITIES OFFERING COOPERATIVE EDUCATION PROGRAMS

At many of these 63 institutions, only some of the students are on the cooperative plan: it may be an optional plan, it may be offered in only some academic majors, it may be an honors plan.

For example, at the University of Cincinnati, all engineering and architecture students and some business administration students are on the cooperative program; at Antioch, all students in all fields of study are on the cooperative plan; at Cornell, the cooperative program is an honors program in engineering. The interested student should write to the admissions office of the college or colleges of his choice requesting further information.

ALABAMA

Auburn University, Auburn
University of Alabama, University

ARIZONA

University of Arizona, Tucson

CALIFORNIA

Los Angeles State College
San Jose State College
University of California, Berkeley
University of California, Los Angeles

COLORADO

University of Denver

FLORIDA

Florida State University, Tallahassee
University of Florida, Gainesville
University of Miami, Coral Gables
University of South Florida, Tampa

GEORGIA

Berry College, Mount Berry
Emory University, Atlanta
Georgia Institute of Technology, Atlanta

ILLINOIS

Bradley University, Peoria
Illinois Institute of Technology, Chicago
Northwestern University, Evanston

INDIANA

Evansville College, Evansville
Purdue University, Lafayette
Tri-State College, Angola

IOWA

Iowa State University, Ames

KENTUCKY

University of Louisville

LOUISIANA

Louisiana Polytechnic Institute, Ruston
Louisiana State University, Baton Rouge

MASSACHUSETTS

Massachusetts Institute of Technology, Cambridge
Northeastern University, Boston

MICHIGAN

Delta College, University Center
General Motors Institute, Flint
Kalamazoo College, Kalamazoo
University of Detroit
University of Michigan, Dearborn
Western Michigan University, Kalamazoo

MINNESOTA

Concordia College, Moorhead
University of Minnesota, Minneapolis

MISSISSIPPI

Mississippi State University, State College

MISSOURI

University of Missouri School of Mines and Metallurgy, Rolla

NEW MEXICO

New Mexico State University, University Park

NEW YORK

Bard College, Annandale-on-Hudson
College of Insurance, New York City
Cornell University, Ithaca
Keuka College, Keuka Park
Mohawk Valley Community College, Utica
Pratt Institute of Technology, Brooklyn
Rensselaer Polytechnic Institute, Troy
Rochester Institute of Technology

OHIO

Antioch College, Yellow Springs
Fenn College, Cleveland
Sinclair College, Dayton
University of Akron
University of Cincinnati
Wilmington College, Wilmington

PENNSYLVANIA

Drexel Institute of Technology, Philadelphia
St. Joseph's College, Philadelphia

TENNESSEE

Tennessee Polytechnic Institute, Cookeville
University of Tennessee, Knoxville

TEXAS

Southern Methodist University, Dallas
University of Houston

VERMONT

Bennington College, Bennington
Goddard College, Plainfield

VIRGINIA

Virginia Polytechnic Institute, Blacksburg

WISCONSIN

Beloit College, Beloit
Marquette University, Milwaukee

UNIVERSITIES AND COLLEGES GIVING COOPERATIVE EDUCATION PROGRAMS, LISTED BY FIELDS OF STUDY OFFERED

Engineering.—University of Akron, University of Alabama, Antioch, University of Arizona, Auburn, University of California at Berkeley, University of California at Los Angeles, University of Cincinnati, Cornell, Delta, University of Denver, University of Detroit, Drexel Institute of Technology, Evansville, Fenn, University of Florida, Florida State University, General Motors Institute, Georgia Institute of Technology, University of Houston, Illinois Institute of Technology, Iowa State University, Los Angeles State College, University of Louisville, Louisiana Polytechnic Institute, Louisiana State University, Marquette, Massachusetts Institute of Technology, University of Michigan, University of Minnesota, Mississippi State University, University of Missouri School of Mines and Metallurgy, Mohawk Valley Community College, New Mexico State University, Northeastern Northwestern, Pratt Institute of Technology, Purdue, Rennselaer Polytechnic Institute, Rochester Institute of Technology, San Jose State College, Sinclair, Southern Methodist, University of Tennessee, Tennessee Polytechnic Institute, Tri-State, Virginia Polytechnic Institute.

Liberal arts.—Antioch, Bard, Beloit, Bennington, Berry, Fenn, Goddard, Kalamazoo, Keuka, Los Angeles State College, Mississippi State University, Northeastern, University of South Florida, Western Michigan University, Wilmington.

Science.—Antioch, Auburn, Bard, Bennington, Berry, Bradley University, Delta, Drexel Institute of Technology, Fenn, Florida State University, Goddard, University of Houston, Illinois Institute of Technology, Kalamazoo, Keuka, Los Angeles State College, Mississippi State University, University of Missouri School of Mines and Metallurgy, Northeastern, St. Joseph's College, Virginia Polytechnic Institute, Wilmington.

Business administration.—Antioch, Auburn, University of Cincinnati, College of Insurance, Concordia, Delta, Drexel Institute of Technology, Emory, Fenn, Los Angeles State College, University of Miami, University of Michigan, Mississippi State University, Mohawk Valley Community College, Northeastern, Rochester Institute of Technology, Sinclair, Tri-State, University of South Florida.

Education.—Antioch, Fenn, Los Angeles State College, Mississippi State University, Northeastern, University of South Florida.

Nursing.—Northeastern.

Pharmacy.—Northeastern.

Mr. PROBST. To take full advantage of the possible benefits of cooperative education, an institution must make a number of adjustments in its calendar. Most cooperative programs require 5 years for the bachelor degree, and student vacations are short, as students are in class or on a job most of the year. A cooperative institution may have to make new arrangements with its faculty. A cooperative education program can provide the opportunity for faculty members to teach more months of the year, rather than having to seek outside summer employment to augment their regular salaries. The college can become more nearly self-supporting from its tuition income, without raising the charge to any single student. Morton Rauh, vice president of Antioch College, has calculated that it is possible for a cooperative program to increase the total income from tuition to 87 percent of total operating expenses, while a comparable school on a conventional program earns only about 61 percent of its operating expenses from tuition.

This is because in effect a cooperative institution has two student bodies.

This is possible because in cooperative education programs, students alternate campus study with employment in responsible, educative jobs. Thus, the college has in effect two student bodies. This can mean fuller utilization of the resources of the institution. The college plant is more efficiently used throughout the year, as enrollment is

stable in summer as well as through the academic year. The college can admit and graduate more students without expanding facilities. As college enrollments are expected to increase 70 percent in the 1960's, cooperative education will be of current interest to colleges and universities considering how to admit their students.

There are thousands of manufacturers, government agencies, businesses, school systems, and research laboratories employing cooperative students during their work periods. For example, 3,350 students of the Drexel Institute of Technology, Philadelphia, Pa., hold jobs with 600 different employers in 16 States. At the present time, far more men than women students are engaged in cooperative education, but Bennington—Vermont—and several other women's colleges have successful programs of this type. The Study of Cooperative Education found that work-study college experience had special values in assisting in the education of women.

The proposed expansion of Federal support of work-study that is being presented calls for authorizing \$3,500,000 annually for 5 years. This would be made available in grants by the Commissioner of Education to institutions of higher education that would ask for this assistance in initiating and establishing work-study cooperative education programs, with a maximum grant of \$65,000 allocable to any single college or university in a year. In our judgment the enactment of this legislation would lead to a doubling of the number of institutions of higher education now offering work-study cooperative education programs. This could occur within the next 5 years and the resulting expansion would lead to an additional 30,000 to 40,000 new opportunities for college students to hold off-campus jobs. The average earnings of the present 30,000 cooperative students are about \$1,600 and the aggregate total that they are earning this year is approximately \$50 million. An additional \$50 million of income for students would be created as the consequence of work-study expansion made possible by the measure we are proposing for your consideration.

In undertaking to assist the expansion of work-study cooperative education the Federal Government would be creating great financial benefits for students and for the colleges that would gain added income and more efficient utilization of their facilities. This doubling of the number of work-study cooperative education students and programs would create a substantial additional income to meet the costs of higher education. Further—from the Government's point of view—the self-supporting aspect of the economics of cooperative education gives a terminal point to Government aid in this field. The proposed 3-year period of Federal support would enable a college or university to organize the vast number of relationships with different employers that can establish year-round jobs and achieve jobs for students that are appropriate to the wide range of abilities and interests to be found in a college student body. Once this has been accomplished the costs of continuing the coordinating of student employment are modest and self-supporting. I may note here that the Commission's current studies reveal that industry is requesting many more cooperative education students than are available in current programs.

I turn now to section 4 of the proposal that has been submitted to this distinguished committee. This deals with the special need to increase the supply of coordinators and counselors, who are the people

who directly administer the work portion of cooperative education. The coordinator in this instance performs the functions of placement, personal and vocational counseling, and evaluation. Experienced people in colleges that use the work-study method uniformly agree that persons who occupy the role of coordinator require a type of training which is somewhat unique and which at present cannot be wholly acquired either in preparation for college teaching or in preparation for service in industry.

At this time, it would seem that the most efficient method to increase the number of qualified coordinators would be to make it possible for existing programs in cooperative education to function as training centers. This might be done in at least three ways.

(1) Existing institutions might be prepared to receive from the faculties of colleges contemplating the adoption of the work-study method key personnel who would function, under special supervision, as members of their coordinator staff for a period of 6 months to a year. After this intensive experience they would return to their parent institutions.

(2) Existing institutions might establish a limited number of internship training experiences in the nature of graduate fellowships. These internships would train persons who are looking toward this specialized educational role as a career.

(3) It would seem also wise to intensify training opportunities for counselors. The role of student counseling in a college which operates on the work-study method and therefore has its students detached from the campus and campus advisers for a significant period of time is quite different from the role of the counselor in the more conventional college. Here, too, the use of existing institutions for inservice training for periods of 3 to 6 months might be helpful.

What is proposed in section 4 follows logically as a support of section 1, for it will make possible the specific training of personnel to assist the institutions that are stimulated to investigate and adopt the work-study approach as a result of the program of discovering the employment possibilities for students made possible by the initial grant by the Federal Government.

The inservice training of coordinators and counselors needs to be done by institutions experienced in cooperative education. For example, Northeastern University, Drexel, Antioch College, and some of the many others of the 63 institutions could establish and operate programs of inservice training for personnel to man work-study programs in the institutions adopting off-campus work-study.

In summary, work-study cooperative education is a uniquely American social invention to meet the needs of our new society. A hundred years ago or more when America was a rural society, the mixture of work and study while growing up was the experience of almost everybody—Daniel Webster, Lincoln, and all the rest. But we now live in a society that has increasingly cut youth off from the adult world of work and thrown them into a leisure filled with hobbies and activities and classroom studies. Many live in suburbia now, inhabited only by women during the day. Our schoolchildren live and grow up in a society removed from work.

But cooperative education dips the student at regular intervals into the world of work. This experience, among other things, lessens the psychological shock of leaving the classroom for the job on graduation.

The grounds on which to justify cooperative education lie in this working relationship between theory and practice to which the cooperative student is introduced early, and also it rests on its economic advantages for the students in their pursuits.

I may say that Alfred North Whitehead's small volume, "The Aims of Education," served as the philosophic point of departure for the study committee and we often referred to the fact that Whitehead says, "Knowledge keeps no better than fish and must be drawn ever anew from the ocean of experience," and he talks about the itch of the young people to be up and doing and the need to have this relationship between theory and practice which he says so far is the unresolved problem facing education in adapting it to democracy.

For society, then, cooperative education is an important social invention. It makes college possible for children who come from families without a tradition of going to college. It is very important to raise the educational level of our whole society, and cooperative education can help. We need a far wider application of this plan that gives students an exceptional kind of education, and through the additional earnings feature, enables some students to go to college who now find it beyond their means.

One of our most important findings is the fact that a very large proportion of the students in work-study programs come from families where the parents have a non-college-going background and the mixture of work and study makes sense to those parents when the child says, "I want to go to school, but there is also a work period," and the statistics decidedly show that it draws into higher education these talented young people from families that otherwise would not be favorable to having that student go to college. Thank you, Senator Morse.

Senator MORSE. Thank you, Mr. Probst, for appearing with your group this morning. I assure you that your testimony will be given full consideration by the subcommittee in its studies and consideration of this legislation.

We who serve on this subcommittee approach with a favorable bias any proposal which might lead to the spreading of education to, particularly, young people who otherwise might not be able to attend college. Without dwelling on the point I will simply confine myself to saying that I am in support of the objective. Now, Mr. Probst, you may call on your first witness.

(Material submitted by Mr. Probst follows:)

[From the PTA magazine, November 1963]

COOPERATIVE EDUCATION IS FIRST-RATE EDUCATION

(By George E. Probst, executive director, National Commission for Cooperative Education)

A college student is sitting at a drawing board in a Philadelphia office. He's making changes on the blueprints for a steam powerplant in Bokaro, India. He came to work at 8:15 this morning, had a half hour off for lunch, and will go home at 5. He is a full-time, paid employee of a big construction company.

Yet he is also registered for full-time college work, majoring in engineering at Drexel Institute of Technology. He is enrolled in a program called "cooperative education" or "work-study," and a successful job record is required for him to receive his degree.

Then there is Jean Gardner, a junior majoring in psychology, Jean is now doing pure research at the Retina Foundation in Boston under the supervision of

Ernst Wolf, M.D., a noted ophthalmologist. She and Dr. Wolf have coauthored a paper to be published in a scholarly journal—an achievement and a recognition not usually open to students still working for their bachelor's degree. Jean is one of four Northeastern University cooperative students who work at the foundation. Dr. Wolf says he would not be without the students, for they stimulate research activity with their penetrating questions and observations.

The essential feature of this college plan is periodic alternation. The student devotes several months to oncampus study—lectures, lab sessions, discussions, and examinations. Then he spends a corresponding period working at a full-time job where he is treated like any other employee. Sixty colleges and universities in this country offer cooperative education. It was started by Herman Schneider in 1906 at the School of Engineering of the University of Cincinnati and has had its biggest growth in engineering departments. Business administration, architecture, design, education, the sciences, and the liberal arts are some other fields to which cooperative education has been adapted. About 30,000 college students are "co-ops," as cooperative students have often come to be called.

The 60 colleges and universities with cooperative programs present a great variety. At most of them a co-op takes 5, rather than 4, years for the bachelor's degree, and he is in school or on the job most of the time. Usually the first year is spent entirely on campus, and the alternation of work and study starts in the second or third year. The final year may also be another all-study year. At some cooperative colleges all students are in the cooperative program; elsewhere it is optional or selective. Then, too, cooperative education may be open only to students in specific majors, such as engineering, while other students pursue a conventional program.

WHERE THE JOBS COME FROM

To find jobs that contribute to the students' education, work-study colleges employ full-time personnel, called coordinators, who make contact with employers. The coordinators help students choose among several possible jobs. Generally the student is also interviewed by the employer before he is hired. A job is usually kept filled by a pair of students, one of whom is at college while the other works.

Often a student returns to the same employer for several work periods, advancing into more responsible and professional activities in a progression planned jointly by the college coordinator and the employer. His first job may be at the trainee or aid level. Later jobs are as independent and specialized as the student can handle and the employer can offer.

The numerous engineering, science, and mathematics students work in research, development, and production with many of the country's large manufacturers, utility companies, and engineering firms. For them industry's facilities are like an extended classroom. As one corporation points out, "Since co-ops work for companies whose equipment must be up to the minute, the university is relieved of the necessity of purchasing expensive machines, which would be obsolete within a few years." Business administration students are employed by accountants, stockbrokers, and department stores, and in management departments for many companies. Liberal arts students work for book publishers, hospitals, museums, historical societies, newspapers, and social service agencies. Government agencies from the Census Bureau to the Geophysical Year research team in Antarctica employ co-ops.

Some colleges, like Antioch, have arrangements for students to study or work abroad. One Antioch student is now employed in the Paris office of UNESCO, and others are working at jobs in West Germany, Italy, France, and England.

Soon after cooperative education passed the 50-year mark, our study of cooperative education was carried out in 1958-60 to evaluate its advantages and disadvantages. From students and alumni, faculty and employers, we learned that cooperative students have the same broad range of abilities as do students in traditional college programs and that their strictly academic achievements are comparable.

Most of the faculty members we questioned believe that cooperative students, because of their work experience, are better motivated for their academic work and that theory and practice are more closely integrated. Students agree. An Antioch student had taken politics and sociology in her second year, but "only the words became familiar: the subject matter was as far away as a dream." The next year, working in Washington, D.C., she gained an appreciation of the meaning of statistics about human behavior. "I found the people behind the numbers," she wrote in her work report.

For many students, work experience contributes to a greater sense of responsibility for their own efforts, greater dependence on their own judgment, and a corresponding development of maturity. This observation was made by students and their college teachers, but just as frequently employers said the same thing—and employers are keenly alive to a worker's sense of responsibility.

CO-OPS AND CAREERS

Faculty members who have had no experience with cooperative education sometimes charge that interrupting college studies for periods of work makes the students too vocation minded. But our study found that co-ops are just as interested and just as competent in academic theory as other students. We found, too, that all college students, cooperative or not, are greatly concerned about their future lifework, perhaps to a degree not appreciated by the faculties of traditional colleges.

Work experience may mean cementing a career decision. "I now have a better idea of what an engineer actually does," observed an electrical engineering student at Massachusetts Institute of Technology, "rather than a preconceived idea gleaned from the Sunday Times want ads." Just as important is the fact that a student may find he wishes to change his college major to prepare for a different and more suitable field. Typical is a mechanical engineering student who worked for a business-machine company. One of his projects called for extensive use of mathematics. He found that not only could he cope with the problems but he liked working with math in an industrial setting.

Other students may well become disappointed in the realities of their work. They may find they are more interested in people than in abstract ideas, or vice versa. The man or woman who finds this out only after graduation from college has missed an opportunity to take the appropriate undergraduate courses.

Employers (and students) appreciate the skill in human relations gained from working with people of a variety of backgrounds. A father wrote Charles E. Ferris, dean of engineering at the University of Tennessee, to ask "What's this co-op program all about?" Dean Ferris replied in part: "The cooperative program enables the student to learn in industry many things that he cannot be taught at the university * * *. He learns, possibly for the first time, that some of the noblemen of this world work in overalls and that they can be great teachers."

At Northeastern University and Fenn and Antioch Colleges education majors spend work periods in jobs at elementary and secondary schools. The co-op may tutor children in reading or mathematics, work as an aid to a professional teacher, and occasionally substitute for teachers who are ill. One term may be spent in the office of the superintendent of schools. Another assignment may be in a social welfare or mental hospital job dealing with children.

For many years teacher certification has required the education major to complete a period of practice teaching, usually during the last year of college. The cooperative work assignments do not replace practice teaching but are added to it. The future teacher in a cooperative program comes face to face with classroom problems in several jobs spaced throughout the college years; hence courses in teaching methods and subject matter take on more concrete meaning.

Recently the Ford Foundation aided Central Michigan University in starting a similar program. Cooperative education has been well received in school systems where co-ops have worked. The Cleveland public schools, for example, give permanent teaching posts to 90 percent of the Fenn education graduates who have done their cooperative work in the school system.

HERE'S WHAT THEY EARN

Cooperative students earn the going wages for the positions they fill, and often their incomes rise as they grow in knowledge and experience. The study of cooperative education found that co-ops earn from \$1,500 to \$7,300 during their college careers (taking the year 1957-58 as typical). The biggest earners are the engineering students, who average \$7,000. Jobs open to liberal arts students usually carry lower salaries, and the incomes of these students average about \$3,700, while business administration majors earn an average of \$5,600.

This past year Northeastern's 4,300 cooperative students earned a total of \$8 million, an average of \$1,860 per student. The 1,000 engineering students at Georgia Institute of Technology earn about \$3 million annually, an average of \$3,000 each. The president of the institution points out that if Georgia Tech had to provide scholarship funds equal to these earnings, it would need an additional \$75 million in endowment.

Other studies show that conventional college students do not, on the average, earn as much as do co-ops. Cooperative students have the aid of their colleges in getting jobs commensurate with their qualifications, and they do not all hit the job market in the summer. It would be expected, then, that co-ops would pay more of their college expenses than do college students in conventional programs, and this is true.

In most cases, however, the cooperative program requires 5 years to complete instead of the conventional 4. Thus a student's earnings have to be spread over a longer period. Also his living expenses must be met while he is working as well as while he is attending classes. Since he is on campus fewer weeks a year, his room and board cost less than do those of students at a conventional college. If a student lives at home while on the job or while going to classes, more of his cooperative income can be applied to his education. But many do not live at home during their employment periods because the jobs they and the colleges select may be in another city or even another State.

We asked students whether they received financial support from their families. Most of them do. For about half the cooperative students, however, college would have been doubtful or impossible without their own earnings from cooperative jobs.

Does cooperative education attract students from lower socioeconomic groups where families don't have a tradition of going to college? Yes; it does. About one-third of the cooperative students and graduates come from the lowest socioeconomic third of the population, contrasted with about 20 percent of the students and graduates of traditional colleges.

Why does cooperative education attract these students? Partly because they can earn more of their way and partly because they and their parents can see more sense in this kind of education. Soon after the students start college, they begin to spend part of the year working at good jobs, and this lessens the temptation to get a job right after high school.

But cooperative education has also proved its worth for students who don't need to rely on the earning potential of the program. Two-thirds of the cooperative students come mostly from middle-class families, with a minority from upper-class homes.

HERE'S WHAT THEY LEARN

Colleges adopt cooperative education primarily for the educational merits of the program, not the student income involved. Most students agree that the educational training is its greatest value. However, a problem sometimes arises when a student has a choice between a job with a good salary and one with an exceptional educational opportunity. He may be tempted to let the educational opportunity go by the board. The coordinator has to work out this problem in each individual case.

After several work assignments, a University of Tennessee co-op admitted that cooperative education "makes me want to learn more, and that's something I couldn't have said before. Now that I'm beginning to understand the true purposes of the program and its real value, the \$\$\$'s are rapidly being replaced by ???'s."

Parents whose children are considering where to apply for college admission want a list of the colleges and universities offering cooperative education. This is available from the National Commission for Cooperative Education, 8 West 40th Street, New York 18, New York. The chairman of the National Commission, Ralph Tyler, says, "Cooperative education is first-rate education." It is worthwhile for your son or daughter to learn about it.

THE EDUCATIONAL VALUES OF WORK-STUDY COOPERATIVE EDUCATION FOR AMERICA TODAY

(By George E. Probst, executive director, National Commission for Cooperative Education)

From the beginning of America, the notion of labor has been presented to everyone as the necessary, natural, and honest condition of humane existence. In America no one is degraded because he works, for everyone about him works also. Every honest calling is honorable.

But our lives have now seen the end of heavy manual labor in America. We live in an age when work is more productive, more interrelated, more complex, and more and more can only be done by trained and educated people.

Cooperative education is a social invention to meet the needs of industrialization and urbanization. A hundred years ago or more when America was a rural society, the mixture of work and study on a farm was the lot of almost everybody—Daniel Webster, Lincoln, and all the rest. But we now live in a society that has increasingly cut youth off from the adult world of work and thrown them into a leisure filled with hobbies and activities and classroom studies. Many live in suburbia now, inhabited only by women during the day. Our schoolchildren live and grow up in a society removed from work.

But cooperative education dips the student at regular intervals into the world of work. This experience, among other things, lessens the psychological shock of leaving the classroom for the job on graduation. The grounds on which to justify cooperative education, therefore, in the view of the study committee on cooperative education, lie in this working relationship between theory and practice to which the cooperative student is introduced early.

If there is evidence that in cooperative education both theory and practice are enriched, then it may take its rightful place as first-rate education, for it is in this relationship of theory and practice that education most intimately touches the society in which it is imbedded. Alfred North Whitehead said that adapting education to the needs of a democratic community is a problem that is very far from being solved. In his book, "The Aims of Education," Whitehead describes the key problem of successful education in these words:

"For successful education there must always be a certain freshness in the knowledge dealt with. It must either be new in itself or it must be invested with some novelty of application to the new world of new times. Knowledge does not keep any better than fish. You may be dealing with knowledge of the old species, with some old truth; but somehow or other it must come to the students, as it were, just drawn out of the sea and with the freshness of its immediate importance."

It is in the teaching of theory that the most important reservations about cooperative education are offered by critics. They fear that the introduction of so much practical work in the college years may mean some destruction of the capacity to be theoretical. It is often mentioned as a possible disadvantage of cooperative education that there is a "danger that students may see education as limited to what work experience provides, rather than in the broader role of preparing people to go beyond their immediate experience."

The purpose of the 2-year study of cooperative education, which got underway in 1958 with a grant of \$95,000 from the Fund for the Advancement of Education, was to determine the extent to which the positive and negative claims, of which this was the central one, about the cooperative education plan are true or false, and to determine the merits of the cooperative plan relative to the conventional plan of education. To carry this out, the attempt was made to evaluate the criticisms of work-study made in conventional institutions, including those arising from the fear that education would become the handmaiden of the occupations, and that students might be led to respect work accomplishments more than intelligence.

The answers came through thousands of questionnaires; the information was recorded on 18,000 IBM cards, rotated 70 times through the machine, then written by the staff, and analyzed at length by the study committee.

The first critical question was the intellectual ability of the cooperative students. The case against cooperative education is often put as: Only students of high ability are capable of assimilating an abstract and theoretical education; if the typical cooperative students are not of high ability, then by definition, the education they receive is not as good and could not be theoretical or abstract.

By all the measurements that are available—College Entrance Board Examinations, high school records, and so on—we found that there is the same ability ranges among the students of cooperative education institutions and noncooperative institutions. The graduate record examinations, taken in the final years of college, show that the graduating seniors are of all comparable academic achievement.

An important part of our evidence comes from the faculty. The study committee headed by Dr. Ralph W. Tyler secured the responses of 163 faculty members at 19 cooperative education institutions. Seventy percent of these faculty members agreed that students in work-study programs, as a consequence of their cooperative work experience, become more motivated for their academic work.

Dr. Ralph W. Tyler reported, as we came across this finding in 1960 that a study had just been completed at Harvard of why certain students drop out of college. Why is it that some students do not come to life at Harvard College? The results of the study revealed that these students see no relationship between

Harvard and the life of the society around them. They saw work as being anti-theoretical, rather than seeing it the way students in work-study cooperative education programs can experience it.

Only 6 percent of the faculty members interviewed in this study disagreed with the statement that cooperative education increased academic motivations. Of these, only 1 of the 163 faculty members presented any reason for his conviction; the reason given was that typically the kinds of jobs obtained were not good enough and tend to stultify enthusiasm on the part of the student. This weakness is not inherent in the cooperative education program, and can be corrected by able coordinators and the cooperation of industry. Such corrections are made all the time in existing work-study cooperative education programs at 63 colleges and universities.

Seventy-three percent of the faculty agreed with the statement that the cooperative student tends to develop greater skill in applying theory to practice. Only 8 percent of the faculty tended to disagree. Consequently, the majority of the faculty not only think that student motivation for learning is increased, and that the students are not overpractical, but also that they have ample opportunity for the application of theory to practice.

The faculty were asked: "Do you find it necessary to change your instruction in order to accommodate cooperative students?" None said they found it necessary to change in any negative way. Those who did comment on this question said they found it advisable to alter their teaching only because of the enrichment that was possible in their teaching. Students raise more questions in the classrooms; they are more insistent on being shown what the teacher means; more illustrations can be used in the classroom.

Attention is directed to these faculty statements because it is the first time such evidence has been available. It is some of the best evidence available, because the faculty at cooperative education institutions are in a very good position to evaluate the most common criticism that cooperative education is "untheoretical" or "antitheoretical." Very few of these faculty members attended cooperative education institutions as undergraduates. They have had the traditional education. Many are currently teaching both cooperative and noncooperative students, or they have taught noncooperative students in the past. They reject the common criticisms of cooperative education and this is our best evidence that the criticisms are not accurate, or are exaggerations based on limited observations.

A brief summary of the values for the student in the work-study cooperative training experience might be listed in this way:

- (1) Skills in applying theory to practice.
- (2) Skills in human relations.
- (3) Development of mature judgment.
- (4) Better understanding of the "world of work."
- (5) Greater motivation.
- (6) A needed financial return.

The Study Committee on Cooperative Education concluded that the combination of work and study is a good thing educationally. It is not true that a college program which is periodically interrupted for employment means a reduced quality of educational work. It is not true that cooperative education makes education a handmaiden of the occupations. It is no mean achievement to have found the evidence that these common criticisms of cooperative education are untrue.

This is worth knowing because the relation of theory and practice is one of the most difficult of solution in education. Alfred North Whitehead's comments on this point are helpful and the following sentences express the educational philosophy of the members of the Committee for the Study of Cooperative Education: "Wisdom is the fruit of a balanced development. It is this balanced growth of individuality which it should be the aim of education to secure. The most useful discoveries for the immediate future would concern the furtherance of this aim without detriment to the necessary intellectual professionalism.

"My own criticism of our traditional education methods is that they are far too much occupied with intellectual analysis, and with the requirement of formalized information * * *.

"The make-weight which balances the thoroughness of the specialist intellectual training should be of radically different kind from purely intellectual analytical knowledge. At present our education combines a thorough study of a few abstractions, with a slighter study of a larger number of abstractions. We are too exclusively bookist in our scholastic routine. The general training should aim at eliciting our concrete apprehensions and should satisfy the itch of youth to be doing something. There should be some analysis even here but only just enough to illustrate the ways of thinking in diverse spheres."

The trend is for cooperative education. Work is becoming more and more complicated, and there are an increasing number of jobs available for the kinds of things which cooperative students can do. There are more and more requests from industry for work-study cooperative education students.

There are many State commissions being set up to study the future needs of higher education. One of the items on their agendas might be consideration of the possibilities of cooperative education. This is a topic on the agenda of the New Jersey Study of Higher Education under the chairmanship of Dr. Carroll Newsom.

In the cooperative programs at Fenn College and Northeastern University, education students are assistant teachers in elementary and public schools. The evidence shows this to be very useful teacher training. Research in Michigan conducted by the Fund for the Advancement of Education shows a teacher can teach a larger number of students effectively if the teacher has an assistant.

All the predictions about the rising number of students who will want a college education are coming true. Parents ask, "Will my boy be admitted to the college where he applies?" Their concern is channeled into a pileup of applications at the prestige schools. Many college admission officers point out that American parents do not realize a student can get a quality education at a great number of the lesser known colleges and universities. The Ivy League can only provide for about 9,000 freshmen out of the total of over 1,000,000 students who will be in the freshman class this coming September. We must have many high-quality educational institutions if the Nation is to have the educated talent essential to our survival.

For society, cooperative education is an important social invention. It makes college possible for children who come from families without a tradition of going to college. It is very important to raise the educational level of our whole society, and cooperative education can help. Its educational values are such that the Study Committee for Cooperative Education found that this mixture of job experience with education is a good thing for the children of upper income families because of its educational value. There is great need to emphasize the educational values of work-study cooperative education as well as its financial benefits.

One of the positive results of the Study of Cooperative Education is to supply the evidence that an unstandardized, unconventional approach to education has worked out very successfully for many, many young people. Mr. Charles Kettering used to say, "I have no objection to the standardizing of bolts and screws, but I do have a terrible obsession against the standardization of ideas." There is no desire on the part of any member of the National Commission for Cooperative Education to be understood as recommending that all institutions of higher education should adopt work-study programs. No one wants to make cooperative education the standard form of education for institutions of higher learning. But educators, parents, and faculty and trustees of educational institutions do need to regard it as one of the strongest available programs and to see it expanded beyond its present use in only 3 percent of the colleges and universities in the country.

There is a remarkable observation about the history of American education by Dr. Ralph W. Tyler, that it takes 50 years for an educational innovation to secure general acceptance. He cites instance after instance of this in the history of American education. Cooperative education has now served for this testing period of 50 years. It has long passed out of the stage of being an experiment. The evidence and the facts are in. The Jacksonian Democrat, Robert Rantoul once said, "We have a right to all the respect that we deserve." The facts now show that cooperative education deserves a lot of respect.

STUDENT WORK-STUDY COOPERATIVE EDUCATION PROGRAMS AT INSTITUTIONS OF HIGHER EDUCATION

To provide for students in higher education increased opportunities for off-campus employment by establishing programs of work-study cooperative education

SEC. 1. For the purpose of enabling the Commissioner to stimulate and promote work-study cooperative education programs at institutions of higher education, which programs alternate academic study with full-time on-the-job employment, in which all compensation is paid by employers in business, industry, the professions, Government or service-type work situations and thus provide to students the opportunity to earn through employment the funds to undertake and complete

their education, there are authorized to be appropriated for grants to institutions of higher education to assist them to establish and expand work-study cooperative education programs \$3,500,000 for the fiscal year ending June 30, 1964, and for each of the four succeeding fiscal years. Sums appropriated under this part for any fiscal year shall be available, in accordance with agreements between the Commissioner and institutions of higher education, for payment by the Commissioner of the cost of establishing and expanding work-study cooperative education programs.

SEC. 2. Grants under this part may be made by the Commissioner, with the advice of the Advisory Committee, to institutions of higher education which meet the requirements established in his regulations under this part up to but not to exceed \$65,000 in any one fiscal year for not to exceed three fiscal years with respect to any one such institution. No grant under this part shall be for the period of more than one year at a time, but may be extended or renewed for additional one-year periods, not to exceed two such periods, upon terms and conditions satisfactory to the Commissioner. The Commissioner shall, from time to time, set dates by which such institutions must file applications for such grants.

SEC. 3. An agreement with any institution of higher education under this part shall—

(a) provide for the establishment of a work-study cooperative education program; for the expansion of such a program; or for the initial research and study required to determine whether it would be feasible to establish such a work-study cooperative education program;

(b) provide for the making of such reports, in such form and containing such information, as the Commissioner may reasonably require to carry out his functions under this part, and for the keeping of such records and for affording such access thereto as the Commissioner may find necessary to assure the correctness and verification of such reports;

(c) include such other provisions as may be necessary to carry out the purposes of this part and as are agreed to by the Commissioner and the institution.

SEC. 4. Ten per centum of the sums authorized to be appropriated for each fiscal year pursuant to section 1 of this part shall be used by the Commissioner to make grants to institutions of higher education, and other public or nonprofit private agencies or institutions, for the training of persons capable of establishing, administering, and coordinating work-study cooperative education programs and for research in the field of promoting and extending the use of work-study cooperative education programs in institutions of high education.

SEC. 5. (a) There is hereby established in the Office of Education an Advisory Committee on the Development of Work-Study Cooperative Education Programs in Higher Education, consisting of the Commissioner, who shall be Chairman, and consisting of eight members representing Government, industry, education, and labor, who are experienced in the field of work-study cooperative education, who shall be appointed, without regard to the civil service laws, by the Commissioner with the approval of the Secretary.

(b) The Advisory Committee shall advise the Commissioner in the preparation of general regulations and with respect to policy matters arising in the administration of this part, including the development of criteria for approval of applications thereunder.

(c) Members of the Advisory Committee shall, while serving on the business of the Advisory Committee, be entitled to receive compensation at rates fixed by the Secretary of Health, Education, and Welfare, but not exceeding \$75 per day, including travel time; and, while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

NATIONAL COMMISSION FOR COOPERATIVE EDUCATION,
GEORGE E. PROBST, *Executive Director.*

SUMMARY OF THE STUDY OF COOPERATIVE EDUCATION

(By George E. Probst, executive director, National Commission for Cooperative Education and member of the study committee for cooperative education)

FACTS ON THE STUDY

A 2-year study in higher education, the study examined the educational effectiveness of cooperative education. Directed by a study committee of college and industry representatives, of which Dr. Ralph W. Tyler was chairman, the research was completed in 1960.

The complete report of this study is contained in the book entitled "Work-Study College Programs: Appraisal and Report of the Study of Cooperative Education," (1961), by James W. Wilson and Edward H. Lyons, with an introductory chapter by Dr. Ralph W. Tyler stating the recommendations of the 12-member study committee on cooperative education.

Liberal arts, engineering, and business administration programs were studied in 22 cooperative programs, and compared with programs in the same fields at traditional 4-year colleges as similar as possible in size and educational goals; 5,300 students and graduates in the classes of 1939 to 1963 gave information through interviews or questionnaires.

Work-study cooperative education is a college program which integrates practical work experience with classroom experience as an essential part of the degree requirements. Students alternate several months on campus with their jobs in industry, business, Government, or service posts.

First tried in 1906 by the late Dean Herman Schneider at the University of Cincinnati in engineering, and by Arthur Morgan at Antioch College in 1921 in the liberal arts, today there are over 60 institutions with such programs. Many patterns of operation exist: in some schools, all students are in the cooperative plan, in others, it is an optional or an honors program.

FINDINGS OF THE STUDY

- (1) Are cooperative students as good as the conventional students?

Yes. All measures of the academic potential and grades of the two groups showed that they are equal in intellectual ability and achievement.
- (2) Does spending college time on a job mean that education becomes vocationalized, and the student becomes ultrapractical and "reality bound"?

No. Cooperative students do as well as the conventional students in academic work, they count general education as a top goal of a college education (some count it as equal in importance to vocational training), and they go on to graduate school as frequently as those from traditional programs.
- (3) Does cooperative education attract students from a lower social class, and students who do not have a family tradition of college going?

Yes. About one-third of the cooperative students and graduates come from working-class families contrasted with about 20 percent of the non-cooperative students and graduates. The majority of cooperative students come from the middle class, and a minority come from the upper class. Hence cooperative education makes a significant contribution to students coming from a wide range of social backgrounds, while at the same time having special attraction for young people without a family tradition of higher education.
- (4) Can students finance a major part of their college expenses through jobs during work periods off campus?

Yes. After the freshman on-campus year, the usual cooperative education student earns between \$1,500 to \$2,000 a year during his work periods. Engineering students earn more. These earnings are applied against estimated costs of a college education of \$1,500 to \$2,400 a year. Many cooperative students could not have gone to college without these earnings.
- (5) Is it hard for students to shift their attention from classwork during campus periods to jobs during work periods, and back again?

No. Neither the faculty nor the students think this is a problem. Cooperative students do not feel that they had too little time for their academic work, although typically they are in class fewer weeks out of the year than the regular student.
- (6) Does cooperative education make sense for women as well as men?

Yes. There are only a few cooperative programs open to girls, but it has special value for women in liberal arts or professional courses. Too many

girls graduate with no marketable skills and little acquaintance with the world of work. There is a trend toward early marriages, and girls who graduated from cooperative schools would have greater confidence that they could return to productive employment when their children are grown up.

(7) Does the cooperative student lose out on extracurricular and cultural activities?

No. They participate in just as many campus activities as other college students.

(8) Does the 5 years for the cooperative program versus 4 years for the traditional program handicap the cooperative graduate in starting a career?

No. Three-quarters of the graduates reported no such handicap. They start in jobs as advanced or more advanced than those of other college graduates. They already have work experience behind them, and often go to work for an employer for whom they had worked during one of their work periods. They have relatively more mature judgment in the opinion of both faculty and industry.

(9) Is cooperative education popular with business and industry?

Very. Firms count it as a valuable means of maintaining a flow of trained personnel. The average firm with a cooperative program hires over half of the graduating cooperative students who worked for them during college (some firms hire as many as 90 percent of the graduates). Business and industry regard cooperative education as not only a good recruitment program, but also a means of contributing to higher education.

(10) Could a college, using its present facilities, accommodate more students with a cooperative plan?

Yes. More students can be graduates, the exact percentage depending on the rotation plan, the number of years a student alternates work and study, and the length of time a program has been operating (the range of increase is from 14 to 60 percent). As college enrollments are expected to increase 70 percent in the 1960's, cooperative education will be of current interest to colleges and universities considering how to admit more students.

(11) Is cooperative education only for big industry?

No. Many small firms employ cooperative students. In addition, there are many students in nonindustrial jobs, such as public administration, publishing, and journalism.

(12) Does an effective cooperative program require special arrangements on the part of the college and the industry?

Yes. Colleges employ special personnel known as coordinators to run the program. The costs of the coordinators who secure the jobs and supervise the students are necessary and quite substantial costs. A good industry program requires individuals assigned responsibility for operating the plan and a long-range commitment so that there are not too many fluctuations due to the business cycle.

(13) What is the reason for extending cooperative education into new fields?

Dr. Ralph W. Tyler, chairman of the study committee, says: "There are tremendous needs in the decades ahead for a much larger number of well-educated people in science, technology, business, and the professions. Our first recommendation is to extend cooperative education much more widely. A program which increases student motivation, helps the student to find more meaning in his school studies, attracts more able young people into higher education and enables more of them to go to college should be extended far beyond the relatively small number of colleges now using cooperative education."

Mr. PROBST. Senator Morse, it gives me great pleasure to introduce to you Dr. Alex S. Pow, vice president of the University of Alabama.

STATEMENT OF ALEX S. POW, VICE PRESIDENT FOR INSTITUTIONAL DEVELOPMENT, UNIVERSITY OF ALABAMA

Dr. Pow. Senator Morse, I consider it a great pleasure and privilege to be able to come before you today and be able to discuss with you the general subject of cooperative education, the work-study cooperative education programs.

These programs of work-study cooperative education already have met and produced many benefits to this country and have produced

many personal as well as institutional and national benefits. However, because of the growing need on the part of business, industry, the professions and government for these cooperative programs and because of the potential of such programs for improving the educational processes, work-study cooperative education will and must become increasingly important in the United States. This is particularly true in a State such as Alabama.

To a large extent, the prompt realization of the major obligation and opportunities implicit in work-study cooperative education is within the power of this subcommittee and this Congress.

Over the past two decades, the State of Alabama economy has changed from one largely rural and agricultural to one whose industrial growth rate can be described as remarkable. Industrial growth in the State of Alabama for the 12-year period 1950-62 doubled in terms of annual payroll of manufacturing establishments (\$512 million to \$1.07 billion) and annual value product added by manufacturers (approximately \$1 to \$2 billion).

The figures for 1963 are even more dramatic. One hundred and twenty-six new industries were added during 1963 and 163 existing industries substantially expanded, at a combined investment of \$332 million of new capital. According to a study which has just been completed by the Alabama State Chamber of Commerce, of all the States in the Southeast, only North Carolina exceeded Alabama in industrial growth and development during 1963, and this excess was only slight.

This growth is reflected in the many requests we receive from industry within the State of Alabama for students to work in cooperative activities. Also, extensive use of cooperative students is made by Government agencies. NASA's George C. Marshall Space Flight Center and the Army's Missile Command at Huntsville, Ala., presently offer employment to twice as many cooperative students as are in the entire University of Alabama program.

In addition, we have had inquiries about our cooperative program from throughout the country by such organizations as the Boeing Aircraft Corp., Seattle, Wash.; the General Tire Co., Akron, Ohio; the Atomic Energy Commission, Savannah, Ga.; and the research laboratories of NASA at Langley Air Force Base, Va. I should add that the University of Alabama program is of only 2 years standing and therefore relatively new upon the scene of cooperative work-study education.

These examples demonstrate the interest and demand of industry and Government for students—largely engineering and science students—to work in cooperative programs. Requests to the university also are growing for cooperative students in such areas as management, political science, accounting, and social service.

There also is a need for cooperative programs on the part of individuals who otherwise would be unable to attend college. In Alabama during 1963 a large percentage of the top high school graduates failed to attend college, mainly because of lack of means. This group represents an unacceptable loss to the Nation in these times of great demand for college graduates.

The National Commission for Cooperative Education estimates that 50 percent of the 30,000 cooperative students in the United States would have been unable to attend college without the existing pro-

grams. The money that a student earns through cooperative education is often the difference between whether he goes to college or not.

Of equal, if perhaps not greater, importance is the fact that the education the cooperative student receives is superior because of the program. This is true for several reasons. First, education which is directly related to the reality of its purpose is better than that which is related only indirectly.

To this same point, it is well to recognize explicitly that, in today's advanced science and technology, universities have the primary responsibility for education, but only Government and industry have many of the extensive facilities required for a complete program. The National Science Foundation has testified on several occasions before Congress as to the urgent national need for additional scientists and engineers. If these national goals are to be reached—if scientific and technological education is to be accelerated in terms of numbers of students and in terms of the level and quality of training—the efforts and resources of universities and colleges, industry, and Government must deliberately be geared together as never before. Work-study cooperative programs are one of the most practical answers to this dilemma facing America today.

Furthermore, because the cooperative student can see in the work situation the necessity for his studies in the classroom, he is more strongly motivated. At the University of Alabama, on the average, after a student joins the cooperative program his academic performance improves one letter grade.

The University of Alabama itself benefits in a very tangible way from its new cooperative program, as do other southern universities. Although as of this date we have only 73 cooperative students at the University of Alabama—compared with approximately 1,000 at Georgia Institute of Technology, 300 at Auburn University, and 300 at the University of Tennessee—these 73 students earn approximately \$170,000 a year. If the University of Alabama had to provide scholarship funds equal to these earnings, it would need an additional \$4 to \$5 million of endowment.

Additionally, because a cooperative program operates on a 12-month basis, universities offering such programs have been able to handle larger numbers of students without increasing the size of their physical plant. The closer involvement with both industry and Government resulting from faculty participation in cooperative programs clearly benefits university instruction and research.

Of course, industry and government also benefit from the cooperative programs—otherwise they would not support them. They benefit from the on-the-job service provided by the working student. They benefit because cooperative education makes easier the task of recruitment. They benefit from the closer association of their employees with the faculty of the university. But fundamentally industry and government support cooperative education because they believe it is good education—good education to which they have a responsibility to contribute.

Cooperative education programs already are a vital part of higher education in the Nation. However, if universities and colleges are to fill present requests for cooperative students, and reasonably meet greatly increased future needs—if universities are to move forward as

fast as they might on the promising front of cooperative education—Federal grants-in-aid must be provided to encourage and assist them. The competing demands on American higher education are considerable, as I am sure the distinguished members of this committee know, but I am confident that the universities and colleges will respond to the challenge of Congress.

The primary requirement of the universities and colleges is for staff assistance for the expansion and development of existing work-study cooperative education programs and for extension of cooperative education into new fields. Although the logical basis of cooperative education is well established, funds need to be provided for consultation and research to improve the universities' knowledge and skills in establishing and carrying on cooperative programs. Directors and coordinators of cooperative education need additional opportunities for training and for exchanging of ideas and facts.

It is my opinion and that of my institution that the modest, short-term support proposed by the National Commission for Cooperative Education would meet these and other requirements of work-study cooperative education and thereby would move our national educational effort considerably along. It is my hope that some such support can be provided beginning with the current Federal fiscal year. Gentlemen, I thank you.

Senator MORSE. Thank you very much, Dr. Pow, for your very helpful statement. I have no questions. Would you call your next witness, Mr. Probst?

Mr. PROBST. I would like to introduce Dean Roy L. Wooldridge of Northeastern University. Dean Wooldridge.

**STATEMENT OF ROY L. WOOLDRIDGE, DEAN AND DIRECTOR OF
COOPERATIVE EDUCATION, NORTHEASTERN UNIVERSITY,
BOSTON, MASS.**

Dean WOOLDRIDGE. Senator Morse, as dean of cooperative education at Northeastern University, it is indeed a pleasure to bring to you today some information about work-study cooperative education based on 55 years of my institution's experience in this field of education.

Northeastern University is the largest university in the free world, wholly committed to the cooperative plan of education in its full-time programs of study. It has six undergraduate colleges operating on the cooperative plan and a seventh will be established in September 1965. In addition to these undergraduate colleges, Northeastern conducts many of its graduate programs on the cooperative plan.

Northeastern has pioneered in the development of a wide range of job opportunities for its students. The 5,000 upperclass co-op students at Northeastern are assigned as trainees in more than 1,300 organizations, including industries, commercial organizations, government agencies, health agencies, libraries, and so on. Seventeen coordinators are responsible for locating job opportunities, placing students, and providing the necessary guidance and counseling.

Unlike many of the undergraduate and graduate forms of higher education which had their origin in Europe, the cooperative plan of education has its own distinctly American philosophy of higher education. It includes all of the academic requirements of other

types of higher education, plus learning while doing and applying what is being studied while still a student. The system is based on two fundamental observations:

(1) Every profession has many facets which cannot be taught in the classroom. These facets can only be learned through direct on-the-job experience with professionals already successful in the field.

(2) Most college students find it necessary to work on a part-time basis and during vacation periods in order to earn the money to pay for their education. In almost all cases, this part-time and vacation job has no relationship to their ultimate career choices and, therefore, does not contribute to the professional education of the student.

Work-study cooperative education blends these observations into a meaningful program for the student. Under this system the educational institution designs an academic calendar which provides an employer with a pair of students who can cover a job on a full year-round basis through alternating periods of work and study. Most people admit that, "Working for an education is part of an education," but in cooperative education the work experience becomes an important part of the entire educational process in which the student is engaged. The cooperative job assignment is carefully planned. The institution assumes the responsibility for locating these employment opportunities and can, therefore, exercise selective judgment with respect to the educational opportunities of each job assignment. It is not just part-time work or a summer job. It involves a formal sequence of work and study, following a freshman year of full-time study. Two students are assigned to a job and are paid the going rate for the job.

While one is on the job the other is at school; at the end of the term they exchange places. This gives the employer full coverage of his job, and he looks upon the cooperative plan as a unique partnership between industry and the college in a superior kind of training program. In this way, the problem of providing meaningful educational experience, which is extremely difficult in most part-time jobs, is overcome in cooperative education.

May I call your attention to the chart on page 43 of the North-eastern University Co-op Handbook which illustrates the calendar used by one institution for accomplishing this purpose?

I would like, Senator Morse, to submit that for your record.

Senator MORSE. The handbook will be received as an appendix in the record for the use and reference by the subcommittee and the staff.

(The handbook referred to has been retained in the subcommittee files.)

Dean WOOLRIDGE. Let me briefly turn my attention to the question of the growth potential of employment opportunities for cooperative students. My recent pamphlet entitled "Student Employment and Cooperative Education—Its Growth and Stability," published by the National Commission for Cooperative Education in February 1964, gives a complete answer to this question and is included in the submitted materials. It is based on the specific experience of one institution with a review and comments from four other cooperative program colleges.

The review of Northeastern's experience from 1921 to 1963 clearly demonstrates the effectiveness of the cooperative program. It is evident that economic recessions and depressions do have an effect on cooperative placements. However, these fluctuations with the economic cycle have been much less severe since World War II. In addition, the recovery of the cooperative program from recessions in the national economy has been very rapid. Through a strong placement staff, a diversification among a large number of employers, and the caliber of the work performance of students, the impact of recessions on cooperative employment can be minimized.

There will be some variation in demand for cooperative students depending on the special field of the student. Northeastern's experience indicates that programs in teacher training and liberal arts will be less affected by recessions than will programs in engineering and business administration. Engineering students, primarily affiliated with manufacturing, seem to be most affected by business conditions. There have been a number of years in the postwar period, however, when engineering co-ops were very much in demand, and individual students had a wide choice among interesting and highly paid jobs. Education and liberal arts students enjoy the greatest stability, since they are primarily employed by school systems and community service organizations, which are not seriously affected by the rise and fall of business conditions.

At the present time the faculty coordinators at Northeastern University are hard pressed to keep up with the employment opportunities offered by organizations that would like to use cooperative students. During 1962-63, the university was the fortunate possessor of a waiting list of 200 additional employers who approached the university with requests to employ students. In some cases successful placements could not be made due to geographic location or the particular specifications of the employer, but the waiting list reflects a greater demand for cooperative students than the present enrollment can satisfy.

As cooperative education has been adopted at more colleges and universities around the country and as more students enrolled, the number and diversity of employers of these students have also increased. Some of the Nation's largest corporations employ cooperative students during their work assignments. Employers include, to name only a handful among the thousands, United States Steel, General Motors, Ford, Chrysler, General Electric, Union Carbide, Monsanto, Du Pont, General Foods, RCA, IBM, Lockheed, NASA, the New York Times, and McGraw-Hill. Cooperative students are to be found working in newspapers, publishing houses, public and private schools, city, State, and Federal Government offices, laboratories, hospitals, social agencies, museums, department stores, industrial design firms, public accounting firms, insurance companies, and banks.

The chart in the national commission study of "Student Employment and Cooperative Education: Its Growth and Stability," graphically represents the growth of cooperative education by institution. It is apparent that the trend is consistently increasing and that the rate of growth has accelerated since World War II. At present, the 30,000 students in the 60 cooperative education institutions are earning an annual income of more than \$46 million.

Finally, I would like to close with my comments on the proposed amendment to S. 2490. Expansion and extension of work-study cooperative education provides an excellent answer to the problem of making higher education available to a wider cross section of capable students, while at the same time enhancing and enriching the educational content of their program. Thousands of young people who have attended the so-called cooperative colleges admit that they could not have completed their college education except for the financial self-help and motivation provided through a scheme of learning which combines classroom instruction with on-the-job experience. Cooperative education provides the opportunity for many to attend college who would not otherwise be able to do so. It also motivates many to stay in college, because they see the relationship between study and work. It has particular advantage, too, for the culturally deprived and economically underprivileged students who are thoroughly capable of profiting from a college education but cannot afford it.

Institutions of higher education must be encouraged to examine this system through financial assistance for the first 3 years of exploration and transition. Faculty members must be granted free time through a load reduction to enable them to explore the possibilities by visiting institutions currently engaged in the program. Without faculty support, which can best be enlisted through actual observation, the conversion of an institution of higher education is virtually impossible. In addition, faculty administrators must be adequately trained to handle the development, promotion, and guidance so necessary in the operation of a successful program.

Cooperative education has achieved its present position without financial aid from the Federal Government or any other outside source. If you agree that this system of education can make a substantial contribution to the solution of some of the problems facing American higher education, then you can accelerate its growth through the implementation of the proposed amendment.

I am also submitting this statement, "A College President Looks at Cooperative Education" by Asa S. Knowles, president of Northeastern University.

Senator MORSE. That will be incorporated into our record.

(The prepared statement of Dr. Knowles referred to follows:)

PREPARED STATEMENT OF ASA S. KNOWLES, PRESIDENT, NORTHEASTERN UNIVERSITY, BOSTON, MASS.

A COLLEGE PRESIDENT LOOKS AT COOPERATIVE EDUCATION

When educators of other nations look at American higher education, they are often confused and sometimes very critical of the lack of uniformity which exists among institutions of higher learning in the United States. Most Americans believe sincerely, however, that one of the great strengths of the American system of higher education is the variety in the types of colleges and universities which exist.

Among these many types, none is perhaps more indigenous to this country than those which are known as the cooperative colleges, or colleges which offer a work-study program of education. Unlike many of the undergraduate and graduate forms of higher education which had their origin in Europe, the cooperative plan of education has its own distinctly American philosophy of higher education. It includes all of the academic requirements of other types of higher education, plus learning while doing, and applying what is being studied while still a student.

Most people admit that "working for an education is part of an education" but in cooperative education the work experience becomes an important part of the entire educational process in which the student is engaged. The cooperative job assignment is carefully planned. It is not just part-time work or a summer job. It involves a formal sequence of work and study following a freshman year of full-time study. Two students are assigned to a job and are paid the going rate of pay for the job. While one is on the job the other is at school. At the end of the term they exchange places. This gives the employer full coverage of his job and he looks upon the cooperative plan as a unique partnership between industry and the college in a superior kind of training program. It is understood that it will require 5 calendar years to complete the traditional 4-year curriculum. The student gains valuable experience related to his field of study and earns all or a major share of his college expenses.

The proof that cooperative education is singularly successful from a purely educational standpoint stems from the attitudes of students, faculty and employers who have had experience with it.

Thousands of young people who have attended the so-called cooperative colleges admit that they could not have completed their college education except for the financial self-help and motivation provided through a scheme of learning which combines classroom instruction with on-the-job experience.

The student knows that he is receiving a superior type of education because he is applying what he is learning and gaining valuable experience. Moreover, he is learning how to get along with people and how to "fit in," or be a part of a team in business, industry or a profession. He knows too that when he graduates from college he can either stay with his "co-op" employer, if he so desires and there is a place for him, or obtain a position with another employer in his field. In either case, he knows that he will be receiving substantially higher pay than young men and women of his age own who are graduating from traditional colleges at the same time, seeking similar employment. The 2 years' experience gained while at college as a cooperative student stand him in good stead in getting a headstart on his career in any company, organization or profession.

Educators, including teachers and administrators, who have been associated with the cooperative plan of education for any length of time and who really understand it, come to believe sincerely that it is a superior type of higher education. They find that most of the students are stimulating, that they are motivated in their studies, and that they are serious in their objectives. Moreover, they find that the "co-op" college attracts a type of student who looks upon the opportunity which cooperative education provides to get a higher education as a real privilege.

Employers who have had experience with the cooperative plan of education; that is, those who have employed cooperative students as trainees, very often prefer to hire graduates of the cooperative college. They know that these students have a good education plus experience, that they have earned all or a major part of their college expenses, and that they can be expected to know how to work. The proof of this is that many business people and others in the professions have approached me as president of Northeastern to ask that new programs of study be undertaken to overcome shortages of certain types of professional manpower. Those making these proposals have selected Northeastern because they feel that the cooperative plan will not only help attract the students to those professions where shortages exist, but that it will provide a superior end product.

The advantages of cooperative education

I have been asked as the president of a university committed to cooperative education in all of its full-time programs to give my views on the advantages and disadvantages of the system. My comments will be more significant if I first review the advantages usually claimed for cooperative education, and then review cooperative education as conducted at Northeastern.

The advantages usually claimed may be classified in two broad categories: advantages accruing to the institution and society, and advantages to the individual in preparation for a career.

Advantages to institutions and society

Economies of operation.—Certain savings in plant investment and personnel salary costs may be realized by colleges and universities operating on the cooperative plan of education because at any one time half or more of the upperclassmen are out on jobs, hence the school plant can serve a larger number of students, and the faculty required to teach upperclassmen is somewhat less in number than in the traditional college.

Community benefits.—The cooperative trainee is a part of the semiskilled and subprofessional manpower supply of the community of which he is a part, and in these times of manpower shortage, the cooperative college works in close partnership with industry to the end that the cooperative program is, in reality, for many companies an inservice training program.

Social advantages.—Cooperative education provides the opportunity for many to attend college who would not otherwise be able to do so. It also motivates many to stay in college, because they see the relationship between study and work. It has particular advantage too for the culturally deprived and economically underprivileged students who are thoroughly capable of profiting from a college education but cannot afford it. In these times of specialized manpower shortages, our Nation needs to educate these young people in a great variety of highly specialized fields of knowledge.

Advantages to the individual and career advantages

Career selection.—When a student in a traditional college chooses a program of study leading to a particular career, he may not learn that he has made a mistake until after graduation. In a college where the student is a "co-op," he is soon associating with those in the workaday world of his chosen profession or career. He will then find that he has chosen wisely or unwisely, and if it is the latter he can change his objectives before it is too late.

Financial assistance while in college.—The cooperative student who has completed the freshman year is assigned to a job where he earns the going rate of pay for the job held. Those who live at home and commute to the campus and to the job can earn all or a large portion of their college expenses. Those living away from home can earn much more than by part-time or summer employment.

Superior teaching situation.—Faculty members working with students who expect the subject matter taught in the classroom to show significance in terms of work assignments, must be alert to the importance of good teaching. In fact, the cooperative colleges have been famous for good teaching for a long time.

Students who are enrolled at a college operated on the cooperative plan sense very quickly that the whole process is one of very much greater efficiency and a more rapid pace of instruction than exists in the traditional college. The calendar has to be so arranged as to have a sufficiently long school term to be meaningful in terms of instruction, and a work period which is long enough to satisfy an employer. The result is that the school terms under the cooperative calendar are usually shorter than those of the traditional colleges. This necessitates getting down to work quickly in the classroom and moving ahead in the subject matter at a rapid pace. The net result is that teachers and students alike must be on their toes. Added to this is the realization on the part of both that the subject matter being taught must be meaningful in terms of cooperative job assignments. The student in accounting, for example, who works for a public accountant, knows that he must have a good foundation or he may not remain on his cooperative job very long. Similarly, the electrical engineering student who is working for an electrical firm knows that he is expected to bring a specific educational background to his job. This results in a superior learning situation. Moreover, even though the school term under the cooperative calendar is shorter than in the traditional college, there is a tendency to cover as much material as in a traditional semester. Very frequently, graduates of cooperative colleges who go on to graduate school find that they have covered much of the material contained in the first year of a graduate program.

Personality adjustment.—Cooperative work experience results in greater maturity on the part of youth, and an understanding of how to get along with people. The lack of these qualities underlies the failure of many in their chosen careers.

Higher starting salaries on graduation.—Because cooperative students have 2 years actual experience in a specific field or related fields through their cooperative work assignments, they may receive as much as 20 percent more beginning pay as graduates from colleges operated along traditional patterns of organization.

Cooperative education at Northeastern University

Northeastern University is the only university in the United States, and the largest university in the free world, wholly committed to the cooperative plan of education in its full-time programs of study. It has six undergraduate colleges operating on the cooperative plan and a seventh, offering professional programs of study in physical education and physical therapy, will be established upon completion of on-going negotiations with an existing college. It, too, will be conducted on the cooperative plan. In addition to these undergraduate colleges, Northeastern conducts many of its graduate programs on the cooperative plan.

Northeastern has pioneered in the development of a wide range of job opportunities for its students. The upperclass "co-op" students at Northeastern are assigned as trainees in more than 1,300 organizations including industries, commercial organizations, government agencies, health agencies, libraries, and so on. Seventeen coordinators are responsible for locating job opportunities, placing students and supervising them.

Persons who are not too familiar with cooperative education can easily see how engineering students can be readily placed in jobs relating to their studies. They can understand, too, how students majoring in accounting, advertising, and business administration can be placed in meaningful job assignments. They often question, however, the effectiveness of the cooperative plan for students who are majoring in liberal arts, particularly because many liberal arts courses do not have specific career objectives and the students are not as career oriented.

Northeastern has pioneered the application of cooperative education in liberal arts programs of study. Placement of liberal arts students in jobs related to their fields of study is readily accomplished for those who wish to become teachers. The university also commands a wide range and a large number of job opportunities for those who are majoring in such subjects as physics, chemistry, and mathematics. These may include working for hospitals, health agencies, health research organizations, National Aeronautics and Space Administration, Atomic Energy Commission, and other attractive assignments. The students majoring in such fields as history and political science are given work assignments in government agencies, public libraries, newspapers, and so on. Those who major in English find opportunities working in the schools, libraries, and on newspapers. Those students whose career objectives are not defined are given a wide variety of employment opportunities in such organizations as department stores, banks, and insurance companies. Actually many students in this category are provided with several different types of jobs during their 4 upperclass years. By this approach, they learn how to get along with people and, through their observations and experience, they are better able to develop a career objective.

Northeastern is pioneering cooperative education in several professional fields of study which have not been conducted on the cooperative plan heretofore. These include pharmacy, nursing, physical education, and physical therapy.

Pharmacy.—Students who are studying to become professional pharmacists must obtain at least 1 year of professional experience in order to obtain their State license to practice. Cooperative education, therefore, has many advantages. The Northeastern College of Pharmacy is relatively young, but its upperclass students have all been placed on meaningful cooperative jobs. More than 50 hospitals and retail pharmacies are now waiting for "co-op" students.

Nursing.—Northeastern's new College of Nursing is affiliated with three of Boston's world-famous hospitals. After a year of study, the university nurse-trainees will be assigned to hospitals during their cooperative work period as co-ops, which will distinguish them from the practical nurse and the diploma nurse trainee. The co-ops will be paid salaries (and this is probably the first instance of a nurse-trainee being paid a salary), and at the end of a 3-year period they will receive an associate in science degree and be qualified to obtain the State license of registered nurse (R.N.). During their upperclass years they will live in dormitories controlled by the hospital. While the college will open for the first time next fall, the number of applicants greatly exceeds the number of persons who can be admitted. Through scholarship aid and cooperative jobs, students on this program will find the financing of their nursing education relatively easy.

Physical education and physical therapy.—The university feels it will have relatively little difficulty placing students in these jobs, once the college is established on the cooperative plan.

Prior to entering into negotiations for the merger with a distinguished college offering professional programs in physical education and physical therapy, Northeastern made a careful survey of the job opportunities for co-op students in these fields. This survey showed that not only is there a shortage of professionally trained personnel, but that those now in this profession would welcome having co-op trainees both as assistants and as a supply of future professional manpower.

Physical education majors are already employed by schools, hospitals, and communities to assist in the conduct of physical education and recreational programs. The job opportunities in these fields will be expanded in number. The students majoring in physical therapy will take their place along with other health science majors in hospitals in which the university already has large numbers of students employed.

Graduate programs.—At the graduate level, Northeastern has again pioneered cooperative education in several graduate fields of study. These include industrial engineering, mechanical engineering, electrical engineering, chemical engineering, civil engineering, pharmacy and mathematics. The university has also established a new graduate school of actuarial science offering a master of science degree. This school is being conducted in cooperation with leading life insurance companies which have agreed in advance to accept co-op graduate students as trainees. In truth, this new graduate school was established at the specific request of some of the companies concerned.

Similarly, a shortage of public accountants has led to discussions with several public accounting firms aimed at establishing a cooperative graduate school of public accounting to begin in the fall of 1965. Here again, the cooperative placement of students is guaranteed.

A year ago, Northeastern established another program in which the placement of the students is assured in advance of their enrollment at the school. This is a program in power systems engineering. It is designed to admit superior students at the undergraduate level, with the expectation that they will complete a 6-year co-op program leading to a master's degree.

Electrical utility companies in New England, recognizing a shortage of qualified power engineers, asked Northeastern to organize a new up-to-date modern science curriculum in power systems engineering. The companies concerned agreed to employ and provide a special training program for these students as co-op trainees. It was agreed that students would be recruited in the service areas of the company concerned. Under the terms of the new program, the company will provide scholarship aid to help students meet first-year expenses at the university. As upperclassmen, the students will live at home and work for sponsoring companies. In this way, not only can the students earn a large portion of their college expenses, but they can also be beneficiaries of a 5-year training program designed to acquaint them with nearly every aspect of the electric utility business.

The role of cooperative education in serving those who are economically underprivileged has been brought into focus in a new program just announced by Northeastern in cooperation with the Ford Foundation Fund for the Advancement of Education. This is a program to provide economic opportunities for Negroes through cooperative education. It recognizes that many of the Negro's problems stem from the lack of equal job opportunities and that this in turn stems from a lack of opportunity to obtain a college education. Capable but underprivileged Negro youth will be invited to attend Northeastern. If they are not wholly prepared to enter college, they may enter a special summer school designed to help prepare them for college work. Scholarship aid is available to them during their first year. In their sophomore year as co-op students, these boys and girls will work on job assignments in banks, insurance companies, schools, utility companies, and so on. They will thus gain experience as well as a feeling of security in their jobs. Moreover, they will earn nearly all of their expenses in the upper-class years of college through salaries paid by their employers. On graduating, they may elect to stay with their employers, or seek other jobs in their chosen careers.

Some observations on cooperative education

When a president of a university or college operating on the cooperative plan of education attempts to look objectively at higher education, he sees the advantages and disadvantages of cooperative education as a system of higher education. As one who has served as an administrator and executive officer of other colleges not conducted on the cooperative plan, it is my conviction that the advantages of cooperative education far outweigh the disadvantages, and that the benefits are outstanding for many students, for industry, business, and society. The following are some observations:

1. *The definition of cooperative education.*—There is great confusion on the part of many as to just what it is. In fact, the expansion of cooperative education has been retarded by a lack of clear definition. Educational programs which provide for summer experience or 1 or 2 months of experience during the junior or senior year are not strictly cooperative education, as I view it. Furthermore, colleges using systems of placement which fail to cover a job by using two students alternating work and study are not truly cooperative in the sense that I understand cooperative education.

Cooperative education should be a program under which two students in a class are assigned to a job related to their chosen field of study. While one is in school, the other is on the job, they then continue to alternate study and work

at regular intervals. The job is approved and supervised by the college. The job involves a specific training program correlated with the studies being pursued and a careful reporting of performance, attitudes, and ability of the student on the job with a view to helping the student to grow and improve his capabilities. This then becomes a part of education and can be labeled cooperative education.

2. *The "earn while you learn" concept.*—The colleges committed to cooperative education have been too prone to emphasize the "earn while you learn" aspect of the program. Actually, if the educational experience is not important, it would be preferable to abandon the entire process and just admit that part-time work and summer work have equal value. Too little emphasis is placed on the educational value of cooperative education. The kind of education it can be and should be is perhaps illustrated by Northeastern's new program in power systems engineering.

Dean WOOLDRIDGE. Senator Morse, that completes my presentation. I wish to thank you for the opportunity of appearing here.

Senator MORSE. Thank you, Dean Wooldridge. I have looked through this pamphlet, "Student Employment and Cooperative Education: Its Growth and Stability," that you have handed up to me, and it will be incorporated as an appendix in the record.

(The pamphlet referred to will be found in the appendix to the record.)

Senator MORSE. I would like to address a request to the staff of the subcommittee, that request that I am making now being addressed not only to this handbook but also to other pamphlets and material which have been submitted by witnesses and introduced by such witnesses as material which they considered to be of help to the deliberations of the subcommittee.

I will request of the staff after these hearings are completed that a memorandum be prepared for the use of the subcommittee, not only listing the items that have been added to the record as an appendix but I also would like to have appropriate comments prepared by the staff with a synopsis of what is contained in this material and the relation of that material to pertinent sections of the bill or proposed amendments to the bill, so that the subcommittee may consider these in our executive session.

Now, thank you very much, Dean Wooldridge. I have only one question.

I note in looking over your testimony and also that of Dr. Pow and Mr. Probst that the program does not cover the freshman who comes to college and in the first year he spends full time and does not work; what do you do about the person who cannot come to college because he has to work?

Dean WOOLDRIDGE. Well, the institutions generally are able to put almost all of the grant aid into the freshman year so they would have roughly the same dollars available, and that can be concentrated so as to primarily help the students come to the institution, knowing that they will be self-supporting after the first year.

Senator MORSE. Thank you very much. We are delighted to have the presence of the Senator from New York, Senator Javits.

Senator JAVITS. Thank you, Mr. Chairman.

May I have permission to ask a question off the record of the Chair?

Senator MORSE. Yes.

(Discussion off the record.)

Senator JAVITS. And I would like to make one other request.

Senator MORSE. Yes.

Senator JAVITS. And this can be made through Mr. Lee, Mr. Chairman, if I may suggest, that the subcommittee would be interested in any comments from any of our witnesses, including those who have already testified, in the New York State scholar incentive plan. I think it might be very helpful to the subcommittee, and I will produce a witness from New York to testify to that.

Senator MORSE. Yes. Mr. Lee, would you write a note to the witnesses who have testified before and those who will testify, requesting their comments on the point. Indicate to them the interest that the subcommittee has in the New York plan and asking their judgment on it, with the understanding that they are under no obligation to furnish it, of course, but stressing that the subcommittee would very much like to have such comments added as further testimony.

(The exchange of correspondence referred to may be found on p. 797.)

Did you have any questions, Senator Javits?

Senator JAVITS. No questions, Mr. Chairman, thank you.

Senate MORSE. Mr. Probst, I understand that Mr. Bacon will be your next witness.

Mr. PROBST. Yes; Senator Morse, Mr. Bacon is the fourth member of the panel, and he will speak in behalf of this proposal to expand the work-study cooperative education programs.

Senator MORSE. I am glad to see you, sir. It is good to see your old and friendly face before this subcommittee again—and I am sure that Mr. Bacon knows the sense in which I use the word "old." Mr. Bacon, I am delighted to have you here again and will your proceed in your own way?

STATEMENT OF DAVID J. McDONALD, PRESIDENT, UNITED STEELWORKERS OF AMERICA, AS PRESENTED BY EMERY F. BACON, DIRECTOR OF EDUCATION, UNITED STEELWORKERS OF AMERICA.

Mr. BACON. Thank you, Senator Morse. It is good to be back up here.

Now, I have a short statement that I would like to read into the record with your permission of David J. McDonald, the president of the United Steelworkers of America who could not be here. I have those two statements, the one of my own and the one of Mr. McDonald who, I say, regretfully could not be here this morning, and he has asked me whether you would permit my reading his statement into the record.

Senator MORSE. I will be glad to have you do that.

Mr. BACON. This is the statement of David J. McDonald, president of the United Steelworkers of America, 1500 Commonwealth Building, Pittsburgh, Pa. And I quote:

I speak in support of the proposed legislation advocating student work-study cooperative education programs at institutions of higher education. The Steelworkers Union, as well as the national AFL-CIO has long advocated Federal support for higher education.

In addition, for many years both the United Steelworkers and the AFL-CIO have provided work opportunities for a small number of college students, some during vacation periods and others on a defined work-study basis similar to the Antioch plan.

The labor movement is aware that domestic and world affairs demand a citizenry possessing ever-higher educational qualifications. It is also aware that many youth of college age are being denied full opportunity for developing their potential because of economic conditions within their family units or lack of adequate educational facilities.

The rapidly expanding population, the distress of the lower economic groups, and the limited opportunities of many minority people, challenge our ability to meet the educational needs of our Nation.

To expand our institutions of higher learning to meet the requirements of our tremendous population growth, and its pressures for evermore space for college students requires not only construction of new facilities but also a maximum utilization of all existing facilities and their faculties.

Certainly, one of the most expedient ways would be to make, as far as possible, double use of current facilities.

Cooperative education offers this opportunity.

With the support of the Federal Government, there is no reason why the number of colleges providing work-study cooperative education could not be doubled in the next 5 years, and the number of students so benefiting rise from 34,000 to 70,000.

Work-study cooperative education not only provides the answer for a maximum 12-month utilization of college buildings and personnel, but it also assists students of limited means to secure a higher education and, by providing many millions of dollars in wages, strengthens the national economy.

For many, a related work-study program would mean a better preparation for life work. In a rapidly changing technological age, it might also mean developing a more responsive group of workers at all levels to manage, administer, and man the newly emerging industrial technologies and research institutions.

For many students from the poorer families, it could mean the one hope of securing an education while gainfully employed.

Countless thousands who now must plunge directly into the work force at the completion of secondary education would be enabled to continue with a technical or baccalaureate program.

Work-study cooperative education should be considered as a disciplined scholastic program with a related work internship. Each should complement the other.

Although the number of students from the ranks of organized labor going to college is considered to have increased substantially in recent years, there are still far too many children of workers who lack the means to continue higher education.

The loss to the Nation in undeveloped buying power, in limited technical skill development, in unexploited research potential, is staggering.

Cooperative education will not solve all the problems, but is one approach to the problem of providing more educational opportunities to more students. It offers one tested and proven concept.

Senator MORSE. Mr. Bacon, I would like for you to express my thanks to Mr. McDonald for his statement which you have just read.

Mr. BACON. Thank you, sir.

The second statement I have is my own:

STATEMENT OF EMERY F. BACON, DIRECTOR OF EDUCATION, UNITED STEELWORKERS OF AMERICA

Mr. BACON. My name is Emery F. Bacon. I am director, Department of Education of the United Steelworkers of America, 1500 Commonwealth Building, Pittsburgh, Pa. I am also a member of the board of the National Commission for Cooperative Education.

No group in American life has more to gain from the proposed legislation supporting student work-study cooperative education programs to institutions of higher education than labor.

This large sector of our population includes millions who still receive wages inadequate to meet the full payment of rising college costs. It also includes a large number of minority people who have suffered grievously not only by being among the lowest paid in the

Nation, but also by having far too low a percentage of students enrolled in our colleges and universities.

The American labor movement was among the first proponents of public education, and has always sought the supporting funds for education from the proper Government agencies responsible.

It today looks to the Federal Government to provide assistance so that the well-founded concept of work-study cooperative education may be greatly expanded.

Institutions of higher learning, such as the University of Cincinnati, Drexel, Antioch, Northeastern, and many others, have clearly demonstrated that cooperative education can do the following:

(1) Provide maximum utilization of college classrooms, laboratories and faculties.

(2) Provide instruction for almost double the number of students who enroll under the traditional 4-year college program.

(3) Offer related job internships which not only provide income but provide practical work opportunities.

(4) Develop a management-student relationship that has generally resulted in better job placement after graduation.

(5) Make possible college opportunities for thousands from the nonprivileged and minority groups who might otherwise be denied higher education.

It is unlikely that during the next two decades, even with massive assistance from Congress, that we can construct the buildings and provide the faculties needed by the explosive surge of youth about to enter college age. Every possible solution must consequently be explored. One of the most promising at the lowest possible cost and in the most expedient fashion is the one which we advocate.

It is, namely, to assist from 50 to 75 existing traditional colleges to adopt cooperative programs offering "off-campus" workstudy opportunities for students. There are many institutions of higher education in large industrial urban centers and in rural areas which are anxious to make this change, provided modest assistance is secured. Some additional 35,000 American youth could shortly benefit if our existing work-study facilities were doubled.

The practical returns to the Nation and society could be most meaningful in terms of uncovering large untapped and neglected sources of talent and intelligence, lifting the morale of thousands who are virtually excluded from college life, and, finally, through expanding jobs, strengthening the economy.

The administration and the Congress are properly concerned about economic growth, the elimination of chronic pools of unemployment, and where it exists, suffocating poverty. Every survey indicates that unemployment, poverty, and low educational achievement are interwoven and interacting.

It is our hope that the Federal Government will attack these malignancies and do so in part by passing the appropriate and beneficial legislation we advocate. The result could be a better educated and more literate citizenry.

We seek to raise standards in higher education. The thousands of leaders in American political life, Government, industry, and the professions who have received their schooling through work-study cooperative education attest to the value of this educational concept.

The American labor movement and my own organization, the United Steelworkers of America, urge you to recommend that Federal legislation be enacted providing for the proposals we present here today. Thank you.

Senator MORSE. Thank you, Mr. Bacon, for what is in my judgment a very concise and excellent statement. Senator Javits, any questions?

Senator JAVITS. No.

Senator MORSE. I have one question to address of the panel, Mr. Probst, and either you answer it or select one of your panel members for the answer.

I have been going through the testimony presented by your group and I did not catch anything in that testimony or any answer to this question.

Under this cooperative program, wherein these students attend school and then work, alternatively, and I refer to those students who are taking the standard, or shall we say conventional full college course, what is the resulting time schedule for the completion of the standard 4-year college course?

Mr. PROBST. I think that Dean Wooldridge would be the most authoritative one for answering that.

Senator MORSE. Would you answer that, Dean Wooldridge?

Dean WOOLDRIDGE. Senator, the normal course or curriculum, it would be 5 years for the baccalaureate degree which in the full-time school normally takes 4 years, on this alternating pattern, where the student spends his time during each calendar school year, where he spends 6 months in class and 6 months out of the school at work. When he completes the 5-year program he has the same academic content as does the 4-year conventional student, and superimposed on that would be the work experience spread over 4 years.

Senator MORSE. That would have been my guess. I think it is a good plan for those who otherwise could not go to higher education. As for myself, I completed a 3-year law course in 4 years by teaching full time in another branch of the university while I took my law course—it was not the easiest job that I have ever had, but it didn't hurt me.

I want to thank you, Mr. Probst, and the members of your panel for your excellent presentation which will be very helpful to the subcommittee in its deliberations, and also for the fine material that you have submitted for our record. Senator Javits, do you have any questions?

Senator JAVITS. I have only one question. I notice that under Senator Hartke's bill there is a very considerable authorization for a work-study program, \$250 million a year for 4 years for that work-study program, whereas the request of this panel is for \$3,500,000 annually for 5 years. I wonder whether you could for the record show what the reason is for the difference.

Mr. PROBST. I may say, Senator, that our proposal in no way is a substitute for Senator Hartke's measure. Ours is a proposal for grants to support work-study cooperative education. His is a proposal to enable students largely on campus to have part-time assistance through employment to enable them to pay the cost of a college education. We did not wish to be understood as in any way presenting our measure as a substitute for Senator Hartke's.

Ours is an expansion of the use of the notion of work-study and relating it to the over 50 years of experience of a number of institutions.

Senator MORSE. Senator Hartke's proposal, specifically, would be a work-study program within or on campus?

Mr. PROBST. Yes, sir.

Senator MORSE. To assist the institution itself to provide for the employment of students who are enrolled in the school, whereas your program is a work-study program on a cooperative basis to find the jobs for students off campus, outside the school.

Mr. PROBST. Yes.

Senator JAVITS. Well, it might be, might it not, that the same student might do the same thing under your proposal?

Mr. PROBST. No, Senator, if I may say, the arrangement, for example at Northeastern for the student who is full time on the job, is away, off campus. When he is in school he is not allowed to work part time. He is in a situation where he has got the income from the other aspect of the program from his full-time employment in that part of the program.

Senator JAVITS. I do not think that I made my inquiry clear.

Mr. PROBST. I am sorry, Senator.

Senator JAVITS. What I had in mind is this. I am talking about a student who would be eligible for a program under Senator Hartke's bill.

Mr. PROBST. Yes.

Senator JAVITS. Now, is it a fact that that same student could be eligible under your cooperative work-study program?

Dean WOOLDRIDGE. Senator, if I understand your question correctly, I would have to say yes. It is a difference of approach. I can conceive where you would have some students participating in a work-study cooperative working and could also have on-campus jobs when he came back to the university, irrespective of whether it would be likely to happen.

Senator JAVITS. No, you are still off the question. I don't seem to be getting across. My point is this. Suppose that student A goes to a college that has a work-study program, has a cooperative program like yours.

Dean WOOLDRIDGE. Yes.

Senator JAVITS. Is that student A the kind of student who would be eligible for the Hartke plan?

Dean WOOLDRIDGE. At another institution.

Senator JAVITS. Or at the same institution if the Hartke plan became law, would that same Student A be given a job under the Hartke program or under your program?

Dean WOOLDRIDGE. Well, the answer would be "No," that is a different concept entirely. Student A at our institution would work during his work period on a full 40-hour week and it could be more than that if he works overtime, but we take a basic 40-hour week. Now, he might be employed by the institution. But this would not be under Senator Hartke's proposal.

Senator JAVITS. I don't know why I can't break through. All I am saying is, if the Hartke plan were law—all right so far?

Dean WOOLDRIDGE. Right, Senator.

Senator JAVITS. And you got your money and both things happen. Do I make myself clear, both things happen, you get \$3,500,000 for your program and Senator Hartke's plan is also law—right?

Dean WOOLDRIDGE. Right.

Senator JAVITS. And you are a college administrator in your institution. Now, you do have the choice—you would have, would you not, to give Student Jones either the Hartke plan or your cooperative plan; that is, the same kind of student would be eligible for either—not both, but either?

Mr. PROBST. That is true, Senator.

Dr. POW. I think you are right, Senator.

Senator JAVITS. Thank you.

Dr. POW. Senator, I think that the difference may be that although the student would be eligible under either plan, his objectives would determine whether he went under the one plan or the other.

Senator JAVITS. But he would be eligible under either plan?

Dr. POW. Yes.

Senator JAVITS. Thank you.

Dr. POW. And there would be no duplication at all.

Mr. PROBST. I think, Senator, it might be in point to say that we all share the hope that Senator Hartke's measure is passed, and we believe it would be of substantial assistance if that were done, and this proposal that we have made here is in no way a substitute for what Senator Hartke proposes.

Senator MORSE. There is no incompatibility between them at all?

Mr. PROBST. No.

Senator MORSE. And there is room for both programs?

Mr. PROBST. Yes, Senator. And, Senator, just one brief item. I would like to have in the record that the president of the University of Cincinnati, which is the oldest institution in the country where cooperative education was established, sent a telegram to you which I believe you may have received saying:

As head of institution at which first cooperative education program was introduced in United States in 1906, I strongly urge consideration of proposal entitled "Student Work-Study Cooperative Education Programs at Institutions of Higher Education."

That is signed by Walter C. Langsam, president of the University of Cincinnati.

Senator MORSE. Thank you, Mr. Probst. We have received that telegram and a number of other communications. That telegram, as the others, will automatically become part of this record.

The subcommittee has no further questions and we wish to thank the members of your panel, Mr. Probst, very much.

(The following exchanges of correspondence among Dean Wooldridge, Senator Morse, and Commissioner Keppel relative to an interpretation of section 213 language of S. 2490 follows:)

NORTHEASTERN UNIVERSITY,
Boston, Mass., March 17, 1964.

HON. WAYNE MORSE,
Chairman, Education Subcommittee,
New Senate Office Building, Washington, D.C.

DEAR SENATOR MORSE: As a followup to my recent testimony before your Subcommittee on Education, a question has been raised by some of my colleagues in the field of cooperative education, with respect to the inclusion or exclusion of 5-year cooperative students under the scholarship and loan provision of S. 2490.

As a member of the Cooperative Education Division of the American Society for Engineering Education, which is an organization of faculty coordinators and directors of cooperative education programs in the field of engineering education, I have been asked to write to you to request that 5-year cooperative students be included in the final draft of the legislation. This is quite a separate issue from the work-study aspect of the bill to which I addressed my testimony on March 11.

The major area of concern seems to be section 213 on pages 10 and 11 of S. 2490. Since most cooperative students are pursuing 5-year degree programs, the restriction on lines 10 and 11—"not in excess of 4 academic years"—may eliminate these students from utilizing the Federal scholarship funds. However, it may be that the phrase—"or the equivalent"—in line 11 provides the necessary flexibility to include 5-year cooperative students. Furthermore, the exceptions listed between line 22 on page 10 and line 3 on page 11 should include some reference to—"regularly scheduled work periods in a cooperative education program."

If you and your Subcommittee on Education agree that cooperative education provides an answer for the expansion of higher education opportunities for capable students, then it would be a serious error to cause them to overlook these work-study programs because of scholarship ineligibility. The educational problems facing this Nation will be best served by allowing the scholarship recipients to have the widest possible choice of higher education programs and patterns. Those who wish to pursue a cooperative education program should be allowed to do so by choice, rather than feel forced to decide on a 4-year conventional program due to the limitations imposed by the Federal scholarship.

Thank you for your kind patience with and understanding of our problems and suggestions. It was a distinct pleasure to testify before your committee last week. If you have any questions do not hesitate to contact me.

Very truly yours,

ROY L. WOOLDRIDGE,

Dean and Director of Cooperative Education.

MARCH 20, 1964.

Dean ROY L. WOOLDRIDGE,
Northeastern University, Boston, Mass.

DEAR DEAN WOOLDRIDGE: I very much appreciated your having brought to my attention in your March 17, 1964, letter the additional points concerning cooperative education as it relates to section 213 of S. 2490.

In order that the matter may be clarified for the subcommittee I have taken the liberty of requesting the comments of the Commissioner of Education on the points raised in your letter. It, together with the Commissioner's reply, will be incorporated in our hearings record and thus available for the use of the members of the subcommittee in our executive sessions on the bill.

May I take this opportunity to extend to you and to your colleagues who testified on March 11 my congratulations and commendations upon an excellent presentation of your point of view.

With kindest regards.

Sincerely,

WAYNE MORSE.

MARCH 20, 1964

HON. FRANCIS KEPPEL,
*Commissioner of Education,
Department of Health, Education, and Welfare,
Washington, D.C.*

DEAR COMMISSIONER KEPPEL: The attached exchange of correspondence is largely self-explanatory. I would very much appreciate receiving at an early date the comments of the Office of Education on the points raised by Dean Wooldridge.

With kindest personal regards,

Sincerely,

WAYNE MORSE.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, STATE OF MARYLAND
OFFICE OF EDUCATION,
Washington, D.C.

HON. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORSE: Thank you for your letter of March 20, and the enclosed letter to you from Roy L. Wooldridge, dean of cooperative education at Northeastern University in Boston.

In our view, the draft language in section 213 of S. 2490 describing conditions under which a scholarship may be held in an institution of higher education clearly contemplates the kind of situation Dean Wooldridge has in mind. As I understand the cooperative education arrangement, the student is actually enrolled as a full-time student during both the work and study periods of the program. Assuming he had met the other scholarship eligibility criteria, it would seem logical that he could hold the kind of a scholarship proposed in S. 2490.

I do believe, however, that specific application of such draft legislation to the various cooperative education arrangements now in existence might better be made through regulations rather than as specific amendments to the proposed legislation. Experience in the administration of other financial aid programs, such as that under title II of the National Defense Education Act, indicates that both student and program are served best when college or university policy is followed within general statutory or administrative guidelines.

Sincerely yours,

FRANCIS KEPPEL,
U.S. Commissioner of Education.

APRIL 8, 1964.

Dr. ROY L. WOOLDRIDGE,
Dean of Cooperative Education,
Northeastern University, Boston, Mass.

DEAR DR. WOOLDRIDGE: In further reference to our correspondence of March 20, 1964, I am immediately bringing to your attention the attached copy of a letter I have received from Commissioner Keppel.

I am quite pleased to note from his second paragraph that the language of S. 2490, section 213 "clearly contemplates the kind of situation Dean Wooldridge has in mind."

As I previously indicated, I plan to insert your letter of March 17 and its April 3 comment by the Commissioner in our hearings record on S. 2490 at an early date.

With kindest regards.

Sincerely,

WAYNE MORSE.

NORTHEASTERN UNIVERSITY,
Boston, Mass., April 13, 1964.

HON. WAYNE MORSE,
Committee on Labor and Public Welfare,
U.S. Senate, Washington, D.C.

DEAR SENATOR MORSE: Thank you very much for your letter of April 8 and the copy of the letter which you received from Commissioner Keppel. I am grateful to you for your thoughtfulness with respect to our recommendations concerning S. 2490.

With best regards.

Very truly yours,

ROY L. WOOLDRIDGE,
Dean and Director of Cooperative Education.

Senator MORSE. Our next witness will be Dr. S. Norman Feingold, national director of the B'nai B'rith Vocational Service. Dr. Feingold, it is the customary procedure in this subcommittee that witnesses are free to make their presentations in their own way. Would you proceed?

**STATEMENT OF S. NORMAN FEINGOLD, NATIONAL DIRECTOR,
B'NAI B'RITH VOCATIONAL SERVICE**

Dr. FEINGOLD. Senator Morse and members of the Education Subcommittee of the Senate Committee on Labor and Public Welfare, I am the national director of the B'nai B'rith Vocational Service located here in Washington, D.C. There are 20 regional B'nai B'rith Vocational Service offices throughout the United States. Both the National B'nai B'rith Vocational Service office and the regional B'nai B'rith Vocational Service offices are concerned with career planning, including student aid, for young people. I am the author of "Scholarships, Fellowships and Loans," in four volumes (the first volume was published in 1949; the latest in 1962) and numerous articles on student aid for both professional journals and the popular press.

One of my major concerns remains that there are boys and girls who, because of economic pressure, are obliged to accept jobs that offer little chance of putting their excellent abilities to use in intellectual or creative work. Today, perhaps more than ever before, we are interested in the quality as well as the quantity of those seeking additional training. In a democracy those individuals who choose to go on for further education or training, and have the necessary interests, abilities, health, and personality, should be given an opportunity to do so. It has been pointed out on many occasions that many of our present-day leaders got their initial start through student aid. Whenever a person works at a lower level than he is qualified for, the Nation as well as the worker suffers. We are still losing too many gifted people because their families cannot afford to help them obtain an education beyond high school. In an age of automation, sufficient education and training are imperative.

In recent years I have also been impressed, from my own experience, with the positive effects of "risk capital" for youngsters who may not measure up on grades or qualify on our present scholarship or scholastic measuring instruments. Many of these youngsters have proven they are well worth the scholarship or loan risk in seeing that they are given an opportunity to make a contribution to themselves, their families, and society.

It is therefore with a great deal of interest that I perused the provisions of S. 2490 and that I appear before you today. I am limiting my comments to the following:

- (1) General approval of most of the provisions;
- (2) Specific comments on sections where I believe changes may well be considered; and
- (3) Suggestions for provisions not currently in this bill.

The interest in student aid shown by this committee and its chairman in the past is a source of tremendous satisfaction to me. In my opinion our greatest resource is our young people. What is done in this area can and will make a critical difference in the world we live in.

I am also grateful to Senator Wayne Morse for including a letter and an article of mine entitled "Latest Information on Scholarships in the Space Age," which appeared in "Education Legislation—1963," hearings before the Subcommittee on Education of the Committee on

Labor and Public Welfare, U.S. Senate, 88th Congress, 1st session, on S. 8, S. 580, Senate Resolution 7, and others, bills to improve educational quality and opportunity, volume VI, June 25 and 27, 1963. I received many interesting letters from young people in various parts of the country who were members of collegiate debating teams who used some of the information in it for discussions of Federal aid to education.

Senator MORSE. Dr. Feingold, I am familiar with that, and it was a very cogent and informative article.

Dr. FEINGOLD. Thank you very much, Senator Morse. I have additional copies, and if you would like the original article, I can give you that to append to the record.

Senator MORSE. I would like to have this as part of our record.¹

Dr. FEINGOLD. All right, thank you.

Senator MORSE. And you have also handed me the item headed "Scholarships, Fellowships and Loans News Service" which I would like to have inserted in our record at the end of your testimony.¹

Dr. FEINGOLD. Thank you, Senator.

STUDENT LOANS

It seems to me that student loan provisions are satisfactory as amended in S. 2490. My only suggestion would be to allot a proportion of loan funds for transfer students from community colleges to 4-year institutions.

As I understand institutional administration of the National Defense Education Act student loan program—generally speaking, funds are committed each year when students enter the institution as freshmen. This, in effect, commits a relatively fixed sum for the following 4 years. Under such conditions there appears to be little in the way of funds for transfer students, particularly those who enter a 4-year institution after completing 2 years at a community college.

This seems especially important when we consider an article, "The Longer Shadow," by Elmer D. West and Robert Farrell, in the *Junior College Journal*, May 1963, volume 33, No. 9, pages 11-13. First-time enrollment of degree credit students in all institutions in the fall of 1962 was 12,533 more than the year before; however, in junior colleges, first-time enrollment was 16,191 more than in the fall of 1961. In 4-year institutions there was a decrease in the first-time enrollment between 1961 and 1962.

Inasmuch as it is likely that the percent of students in a community college from lower socioeconomic groups is as great or greater than those starting in 4-year institutions, the need for financial assistance in the third and fourth years for community college transfer students exists and probably will increase.

I hope that S. 2490 can include a provision that a fixed percent of each year's allotment to an institution be reserved for transfer students from community colleges. If the reserve is not used first by transfers from community colleges, then by transfers from other institutions; it could then be made available to other students. Since I am unfamiliar with the legal terminology of recommendations, this suggested proposal is not so worded.

¹ The material referred to may be found on p. 561.

UNDERGRADUATE SCHOLARSHIPS

We need more undergraduate scholarships. I am a member of several scholarship committees where we have many more qualified applicants than we have available funds.

I wrote my first volume on scholarships, fellowships, and loans in 1949 because as director of a community agency, I was constantly being made aware of the great numbers of youngsters with ability who could not go beyond secondary school for an education. They were frustrated and the country was losing a huge talent pool. The first book collated into one source information about hundreds of funds about which little was then known. The entire scholarship picture has grown by leaps and bounds since 1949, but so has the college-age population; and we're running, but are not keeping pace with the needs.

In 1949 as well as today, the problem is one of lack of knowledge of funds that exist. Today, however, there are several additional problems such as not enough children with ability are receiving assistance; we have no generally accepted working philosophy of student aid; and insufficient basic facts and research on student aid.

If more educators could agree as to a working philosophy of student aid, the current situation could well be met more realistically and at an accelerated rate.

Let me summarize some problems as I see them as chairman of the scholarship committee of Local No. 74, International Hod Carriers Building & Construction Laborers Union of America; as a member of the Government Employees Mart Scholarship Committee; as a trustee of the Ensign Leonard S. Sulkis Loan Fund; as a member of other scholarship committees; and as national director of B'nai B'rith Vocational Service. All my memberships on scholarship committees are on a volunteer basis. Our regional B'nai B'rith Vocational Service offices engage in educational counseling and also provide information on student aid, particularly at the local level. Student aid needs are also visible from this vantage point. Last but not least are the hundreds of letters that annually cross my desk from youngsters and their parents in search of funds to enable them to gain a higher education or further training.

Section 216(a)(2)(A) of S. 2490 may contain the seeds of perpetuating some inequities in the scholarship picture that presently exist—that selection of individuals to receive scholarships under this part will be based solely on ability to pursue successfully a course of study at an institution of higher education, determined in accordance with objective tests and other measures of ability and achievement * * *.

Some excellent research is now being carried on in the area of measuring potential and creativity.

We do not as yet, however, have as reliable and valid tests as we would hope for—that can measure motivation, creativity, and potential of some of our socially and economically deprived youngsters. We need further facts. We do not know State by State who are not going to institutions of higher education because of lack of funds. According to present testing methods, students from underprivileged backgrounds who are highly creative or talented in one area may not be selected for scholarships or reached in a scholarship search. It is in this area of scholarships that I hope that Federal undergraduate

scholarships may assist in locating students whose records indicate exceptional creative promise, who show superior attainment in one field, or who show exceptional determination to overcome severe disadvantages. In private scholarship funds that I have helped administer, if we use so-called regular methods, we do not locate or select certain young people from lower socioeconomic groups.

From my own experience, young people with ability to do college work from lower socioeconomic groups, who do not do well on our present methods of selecting scholarship recipients, when given a chance, can do college work.

I am concerned that section 216(a)(2)(A) as presently written may tend to perpetuate primarily present methods of selecting scholarship recipients. We have a great reservoir of students with B and C grades, who are or may be creative and highly motivated. There are today students with sufficient ability to complete a college education who are unable to attend an institution of higher education, because their parents cannot afford to send them. These students do not show sufficient scholastic aptitude to obtain scholarships on many present scholarship screening tests. These students do have sufficient ability to attend institutions of higher education, and by attending them, can make greater contributions to their own lives and society. If their parents could afford to send them they probably would be attending, as is evidenced by many youngsters whose motivation for college may not be high but the economics of going on for a higher education is not a pressing one.

Senator MORSE. If I may interrupt you, Dr. Feingold.

Dr. FEINGOLD. Yes, Senator Morse.

THE "C" STUDENT

Senator MORSE. This is something I have given considerable thought to. I do not know what the alternative is. What do you propose as an alternative to reach these students that you are talking about? I refer to those with the high C or low B grades, in this matter of selecting students for scholarships. These are the students who never would meet the tests and yet, if they managed to enter college, would attain B-minus to C-pluses in their college work.

These youngsters represent a great reservoir of potential talent. They are the type of people who might be, in short, described as average Americans. We find that a very surprising number of them make contributions to our society of considerable value after the advent of maturity and experience.

It is difficult to assess these young people. They act almost as though they were hiding their talents and their capabilities. When given examinations apparently they do not show high native ability but yet, in later life, their achievements show that they did, in fact, have ability. It appears to be a matter of discovering the hidden capabilities in these people. Their performance under the conventional methods of testing makes it very hard to select the ones who should be helped. How are we going to select them?

Dr. Feingold, I want you to understand that I did not mean to interrupt your reading of the statement. Our customary procedure on this subcommittee is to allow witnesses to complete their presentations before questioning but I looked ahead in your statement and saw

that the next paragraph was going to another point and I did want your comments on this matter.

Dr. FEINGOLD. Senator Morse, I can give you some of my thinking on it.

Senator MORSE. I wish you would.

Dr. FEINGOLD. Expanding that point, Senator Morse, I feel that we do have some indications, and some of them, from the national scholarship people in an article recently by John Holland, that it is possible to teach principals and school educators and administrative officers, admissions officers, to select creative students without themselves having a clear definition of creativity, and that some of these students that we are missing by our present methods might be reached by perhaps less objective measures.

In my judgment, many a good teacher can pinpoint youngsters who have talent or ability but who are not showing it either in grades or in performance. And I feel that if we use additional methods and get to know more about these youngsters, get to know them better than we do now, we might then be able to do something about them.

I would like to say that many of these youngsters are doing poorly and, in my opinion, that is due to many, many reasons. Some come from families where they do not receive the stimulus of books or anything else in their homes. The school does not have the meaning that it does to some of the other groups. They are not working to potential, but they could work to potential with further counseling and help, and that sometimes these B and C students, in my judgment, those coming from lower socioeconomic groups, really have much greater potential and could get better grades if they came from other families where it is part and parcel of the cultural background and if they were introduced early enough to this sort of thing that we expect at the collegiate level.

After all, our tests measure the tasks that we put into these tests and many of these youngsters just do not, and I have seen many of these B and C students, and I have talked with them at the graduate and undergraduate level when I taught at the university, and I feel that we have got a lot of potential here that we have got to be willing to accept risk capital and make mistakes.

Now, I have sat on a great number of committees and I give a great deal of time because I feel very strongly about this, and we make mistakes but sometimes we do not and we find youngsters with C grades going on and they make contributions and I think that we must stop this waste and we must be able somehow—there is the necessity, as I point up later in the statement, of more research in this area to find out, with the best brains in the country getting together—interestingly enough, Senator Morse, the scholarship committees run by private groups have suddenly expressed a tremendous interest all over the country on doing something now, for the first time, to the B and C students.

What has happened in the past, including some where I sat in, where we gave it all only to the very bright, the youngster who was the A student, we are also finding out from research that the creative person may not do as well on these tests, and he may not do as well in school, and as a matter of fact some research seems to point up that the teacher does not like as much the creative youngster as the youngster who conforms to a greater extent and gets good grades—

and I feel that some of these youngsters are, like you say, hiding some of their real ability, or something that has not been tapped.

And I would like to mention, too, on the particular fund that I serve, where I serve for the union on a volunteer basis, we have youngsters who in my judgment could do exceptionally better than they are doing. They do not have the information. Interestingly enough, on regular tests they do very poorly. But we had a career conference about 3 months ago and we invited them down. And a couple of youngsters did not understand that things that we had to have then do would be done at another period of time and during a 15-minute period, two youngsters passed in an essay which is required with their application and not during the career conference—one of the most unusual that I have read from one youngster, and this youngster was doing poorly in school. He was doing poorly, but he had tremendous creativity, and here was a youngster who did not know the opportunities.

And I find in my own experience that these are the youngsters that we must help, because much of the creativity, much of the contributions in life are made by these people and I cannot quote the research, but it is pointed up in a book that has recently come out on guidance and the dropout by the National Education Association—there is an article in it that we cannot show any great positive correlation, necessarily, between grades and success later on in life.

I do also know and I would like to add that there was research a few years ago, I believe in Kansas, where someone also pointed out that many youngsters who would not have been accepted by our regular screening methods were allowed to come into school and 4 years later some of them were Phi Beta Kappas and some went on to graduate school and many of them made real contributions.

I wish that I were knowledgeable enough and creative enough myself to have answers. I don't. I don't know if there are answers but I think that there are guidelines and I think that this particular bill may point up some of the research in this.

We have done a lot more for the very gifted student, those very talented and very gifted in the area of scholarship, and much more than we have done and that can be done and should be done with the B and C student who has potential but who is not motivated to achieve at the level that he possibly could to.

Senator, I do not know that that has been particularly helpful but I feel it is an important part of the scholarship picture today.

Senator MORSE. Yes, thank you. Proceed.

Dr. FEINGOLD. I would prefer to see the \$37.5 million annually appropriated for the undergraduate scholarships used for initial construction of many more community colleges. Community colleges and low tuition rates at land-grant and other public colleges would make more education available to more students at an economically feasible rate.

Senator MORSE. If I may interrupt you, Mr. Lee has a comment on that statement.

Mr. LEE. I would like to point out, Dr. Feingold, that Public Law 88-204 provides 22 percent of the funds appropriated for construction of facilities are to be reserved to public community colleges. In addition to these funds, Public Law 88-210, the Morse-Perkins Vocational Act of 1963, provides construction funds source.

Dr. FEINGOLD. Thank you. This can be a philosophy for the greatest number of educational facilities for the greatest number of

qualified people at the lowest possible cost to all. California and Florida are two outstanding examples of what happens when education beyond high school is made available on the basis of the greatest number of educational facilities for the greatest number of students at the lowest possible costs.

I am in favor of many more undergraduate scholarships, but some methods must be developed to reach talent and ability that at the present time is being wasted or not being discovered. More than 15 years ago at a professional guidance conference at an Eastern university, I pointed up the tremendous talent loss from lower socioeconomic groups.

This statement was accepted with many reservations. Research and demonstration has shown what can be done. Today this talent loss still exists, but not in as great a measure as before. We must continue to do more to lessen this talent loss.

Therefore I recommend that " * * * determined in accordance with objective tests and other measures of ability and achievement * * *" in section 216(a)(2)(A) be amended so that a fixed percentage of funds be allotted for scholarships to be made available to students who are creative in one area, or are highly motivated, or have overcome severe disadvantages.

I suggest that if a student is admitted to an accredited institution of higher education, that it be sufficient determination of ability to pursue successfully a course of study at an institution of higher education.

It seems to me that appropriate students with B and C averages at the secondary school level may be included in the group of students chosen for undergraduate scholarships. Tremendous contributions to our society have been made by B and C students.

It also seems appropriate that if funds can be made available, that students who are in their second, third, or fourth years at institutions of higher education, who find they need scholarships be permitted to apply for the first time.

It also seems to me that the provision that each individual's scholarship be based solely on his need for financial assistance to continue his education at an institution of higher education should remain as presently written.

We need more undergraduate scholarships, but we also need to refine our methods of selecting scholarship recipients. The changes I have suggested seem to me to be one step toward such refinement.

INSURANCE OF LOANS TO STUDENTS IN INSTITUTIONS OF HIGHER EDUCATION

This section pleases me a great deal. For some time I have been concerned about high and varying rates of interest charged by many lenders for educational loans. Educational loans have become big business. An excellent summary of the cost of educational loans appeared in the January 1963 issue of the Scholarships, Fellowships & Loans News Service.

Senator MORSE. That will be incorporated in the record.

Dr. FEINGOLD. Thank you, sir. This section, I trust, will be a means of maintaining a level beyond which interest rates on educational loans will not rise.

(The material referred to follows:)

[From Scholarships, Fellowships & Loans News Service, January 1963]

COMMERCIAL EDUCATION LOANS

Borrower is parent, guardian, or sponsor

Central Bank & Trust Co., Installment Loan Department, Post Office Box 5548 Terminal Annex, Denver 17, Colo. While this bank participates in the United Student Aid Fund plan (see p. 3), it also has an education loan plan through which any financially qualified parent, guardian, or sponsor of a student may apply, provided the adult resides within the Metropolitan Denver area. The student may attend any eligible school, i.e., colleges, universities, graduate and professional schools in the United States and abroad. Up to \$10,000 for a maximum of 4 years of school may be borrowed. Maximum length of time for repaying a 4-year loan is 60 months. Credit life insurance is required on the life of the borrower at no additional cost. This bank issues educational loan plan checks to the borrower, who pays educational expenses of the student with them. Interest cost varies since interest is charged only as the educational loan checks are used. Interest is calculated at the rate of 1 percent per month on the largest amount owing plus 25 cents per check.

First National Bank of Boston, Personal Credit Center, 52 Temple Place, Boston 6, Mass. This bank's "dollars for scholars" program provides three possible plans for any parent, foster-parent, guardian, relative, or other person who assumes responsibility for the education of a student. The student may attend preparatory school, college, university, junior college, graduate, professional, and trade schools, anywhere in the world. Up to \$15,000 may be planned for a student's education. The least expensive method is an interest bearing straight savings program under which the adult may start saving for the student's education any time up to 6 years before the student enters school. Under the straight loan program, the parent starts the program when the student enters college and has until 2 years after the student's graduation to repay the bank. The third plan is a combination savings-loan program, under which the adult starts saving any time up to 6 years prior to the student entering college and when the savings are used up, borrows the balance from the bank. The adult has 2 years after graduation until the loan portion has to be repaid. This could spread the cost for 12 years. Under all three plans the sponsor makes equal monthly payments to the bank. The borrower pays $8\frac{1}{2}$ cents per month per \$100 of insurance, interest on loan balances of eight tenths of 1 percent a month computed on the daily average of such balances, and a monthly administrative charge of 25 cents. The bank disburses funds to the adult at the beginning of each quarter or semester as agreed upon.

First National Bank of Allentown, Installment Loan Department, Allentown, Pa. This bank's college educations assured plan is available if the sponsor lives in Lehigh Valley or if the student attends a college in the Lehigh Valley. The plan may be used for expenses at preparatory schools, technical, professional, and graduate schools. Interest is on the amount borrowed and is 5 percent per year. Insurance is required and costs 90 cents per \$1,000 per month. Equal monthly repayments are made by the sponsor and may take as much as 2 years beyond graduation. The minimum plan is approximately \$500 a year and the maximum any reasonable amount for selected college. An initial charge of \$15 is made for each application.

Harvard Trust Co., Installment Loan Center, Cambridge 38, Mass. The assured educational loan plan is available to parents or guardians living within Massachusetts. Students may attend preparatory school, college, university, graduate, or professional schools anywhere. Up to \$10,000 may be borrowed. Life insurance is carried and its cost is included in the monthly repayments. Interest is charged only on money actually being used. Repayment is on a prearranged schedule of monthly payments which begin approximately 30 days after the first disbursement of funds, and may take up to 6 years.

Marine Midland Corp., Midland Time Plan Department, Marine Trust Building, Buffalo 5, N.Y. The Midland time plan for education is offered to colleges and preparatory schools. When a school associates itself with the bank in offering the plan, parents of students attending that school from anywhere in the United States can file a loan application. Sponsors of students living in New York State and studying anywhere in the United States are also eligible to apply. Life insurance, accident, and health insurance on eligible borrowers are

provided. A maximum of \$5,000 in any one school year and up to \$15,000 for 4 years of school may be borrowed. Repayment is on a monthly basis and may be spread over 72 months for a loan for 4 years of school. Minimum monthly repayment is \$40.

Wheeling Dollar Savings & Trust Co., 1315 Market Street, Wheeling, W. Va. The assured college education plan is good any place in the continental United States. The plan is not available for students having less than 2 years of college remaining or for foreign students. The bank deposits with the college at the beginning of each semester or term the amount agreed upon in the loan program. The cost of insurance protection depends upon the age of the borrower. Minimum monthly repayment is \$40 plus insurance charge and 50 cents service charge. Interest rate is 5 percent, figured at time college is paid. A 4-year course may be repaid in as many as 72 months.

Table of loan costs

Bank	Amount required— \$1,000 year for 4 years	Number of monthly payments	Amount of monthly repay- ment	Total repaid	Cost of obtaining funds	Cost as percent of amount required
First National Bank of Boston:						
Straight savings	\$4,000	1 77	\$51.00	\$3,927		
Combination savings and loan	4,000	2 108	40.00	4,320	\$320	8.0
Straight loan	4,000	3 72	64.00	4,608	608	15.2
First National Bank of Allen- town.....	4,000	3 72	63.60	4,579	579	14.5
Harvard Trust Co.....	4,000	3 72	63.75	4,590	590	14.7
Marine Midland.....	4,000	3 72	65.68	4,729	729	18.2
Wheeling Dollar Savings & Trust Co.....	4,000	3 72	64.50	4,644	644	16.1
USA Funds.....	4 3,000	5 36	101.74	3,663	663	22.1

¹ Assuming program starts 36 months before student enters college and payments continue until January of the 4th year of college.

² Assuming program starts 36 months before student enters college and payments continue until 2 years after graduation.

³ Assuming payments start when student enters college and continue until 2 years after graduation.

⁴ \$1,000 a year for 3 years, sophomore, junior, and senior years.

⁵ Payments start 4 months after graduation.

Borrower is student

United Student Aid Funds, 1 Rockefeller Plaza, New York, N.Y. or College Square, Indianapolis, Ind. To be eligible a student must have completed his freshman year of college and attend a college participating in the USA Funds program. The USA Funds publishes such a list. A student may borrow up to \$1,000 a year and a combined total of \$3,000 for undergraduate and/or graduate education. Application is made through the college's student aid official or hometown bank. If no hometown bank participates, the Indiana National Bank of Indianapolis handles loans for students attending participating colleges. A completed application must be approved by a parent or guardian. Parents need not assume liability for a loan. The college must approve the loan and advise the bank about the student's standing and college expenses. The local bank sends the application to USA Funds for endorsement and upon receipt of such endorsement issues a check to the student. Loans are repaid to the bank and repayment starts within 4 months after the student graduates. Payments are spread over 36 monthly installments. If the student leaves college before graduation, monthly repayment begins within 30 days but may take up to 3 years. Notes under this plan may not bear more than 6 percent simple interest from the date of the note. If a student lives in a State such as Massachusetts, New Hampshire or New York that has a higher education loan plan, the student is expected to use the State plan.

Higher Education Loan Plan (HELP) of Indiana is an affiliate of the United Student Aid Funds. While the terms are basically those outlined above, there are some differences. For example, students who are residents of Indiana are eligible and apply at the bank of their choice in the town of their residence. They may attend any accredited college or university even if it is not a participant in USA Funds. Repayment begins 5 months after the student leaves school.

Higher Education Loan Plan (HELP) of New Hampshire, New Hampshire Higher Education Assistance Foundation, 18 School Street, Concord, N.H. A stu-

dent must be a resident of New Hampshire, have completed satisfactorily his or her freshman year of college in an accredited institution within the United States or Canada, and must be financially unable to complete his educational program without this help. A student may borrow up to \$500 in any one year with a maximum of \$1,500 in 3 years. A new application must be made annually. Application is made through the local bank. Interest on the original notes cannot be in excess of the prime rate prevailing in Boston on the date of the note plus one-half of 1 percent. As of now, the maximum rate on renewal notes is 4½ percent a year. Repayment begins 6 months after graduation and may extend in equal monthly installments for 36 months.

New York State Higher Education Assistance Corp., 132 Hudson Avenue, Albany, N.Y. A student must be a resident of New York State, already be in attendance or accepted for attendance as a full-time or part-time student, furnish proof of financial need and scholastic ability. Full-time students pursuing a degree course may borrow up to \$750 for the first undergraduate year, \$1,000 second; \$1,250 third; and \$1,500 for fourth undergraduate year and subsequent graduate years. Total loans to one individual cannot exceed \$7,500. Part-time students and non-degree students may borrow, but the maximum scale is different. Loans are made through participating banks and for 1 year at a time. Student pays no interest while in school and after leaving school pays 3 percent interest. Arrangements for repayment must be made within 60 days of leaving school and may extend over a period of up to 6 years.

WORTH READING

"A Message to American Industry. One of a Series—Here's a Way Colleges Can Tap a Major Source of Business Help." D. C. McGraw. Business Education World, November 1962, volume 43, No. 3, pages 4, 5. 330 West 42d Street, New York, N.Y. 50 cents. About a fourth of the total volume of business aid for higher education is currently supplied by 64 companies. Of the total aid provided by business in 1960-61, about one-half went to 20 universities out of a total of 1,900 colleges and universities. This editorial suggests that the initiative for obtaining wider business support lies with the colleges and universities through adding to their governing boards notably successful business executives. Individual institutions and higher education in general would be strengthened.

"The Concentration of Scholarship Funds and Its Implications for Education." J. L. Holland and L. Kent. Reprinted from *College and University*, Summer, 1960. Pages 471-483. There seems to be "much evidence that a few scholarship granting groups control most of the scholarship funds and hence wield considerable power in recruiting intellectual talent. The biases which these groups exhibit in selecting students are worth attention since they determine if students with unusual potential for achievement and creativity are encouraged or neglected." We must reexamine the use of scholarship aid funds, how we select students, what we mean by grades and the effectiveness of teaching practices. Some studies suggest that much scholarship money aids a student to go to his first-choice college rather than to a second- or third-choice school.

"Student Financial Aid and National Purpose," College Entrance Examination Board, Post Office Box 592, Princeton, N.J., or Post Office Box 27896, Los Angeles, Calif., 1962, 103 pages, \$2.50. Eleven papers delivered at the May 1962 colloquium of the College Scholarship Service. The authors present their thinking on topics related to meeting the costs of higher education. Buell Gallagher's paper is "All Colleges Should Be Tuition-Free," Arthur S. Marmaduke spoke on "What Part the States Should Play in Student Aid," etc.

"Guideposts for Nursing Scholarship Programs." Committee on Careers, National League for Nursing, 10 Columbus Circle, New York, N.Y., 1962, 27 pages, 50 cents. This pamphlet is planned to suggest procedures that civic organizations might use to provide nursing scholarships.

"State Universities and Colleges. A Guide for Prospective Students." Ed. by R. Hoopes. Washington, D.C. Robert B. Luce, 1962, 481 pages, \$4.95. Of the larger State and public U.S. colleges 126 are listed alphabetically by States. Enrollment had to exceed 2,500 and a full, 4-year general liberal arts program had to be offered for the institution to be included. Schools not open to students outside a city or State were omitted. For each institution there is a general description, admission requirements, expenses and financial help for in- and out-of-State students; housing information; enrollment; calendar; library facilities; societies, fraternities and sororities; ROTC; automobile regulations. Information applies to undergraduate schools only.

"Financial Assistance for College Students: Undergraduate." R. C. Mattingly. College Information Center series No. OE-55027 bulletin 1962 No. 11. Department of Health, Education, and Welfare, 360 pages, \$1.25, from Government Printing Office, Washington, D.C. Colleges are listed alphabetically within each State. For each institution is given its name, location, control, length of program, type of student body, undergraduate enrollment, annual tuition, required fees, annual cost of room and board. Also included is scholarship information—range of scholarship awards, closing date for applications, number and average amount granted to entering freshmen and others. Loans cover number and mean amount, maximum to freshmen and others in a single year and during full course, interest rate while in school and after leaving, requirements for repaying. Number and mean amount of NDSL funds. Employment figures indicate number of teaching, laboratory, and research assistants and other students employed, and their mean annual compensation. This directory presents information relating to institutional financial aid programs that were active during the 1959-60 academic year. Information about 2-year colleges is included.

"Federal Funds for Education—Fields, Levels, Recipients." P. B. Jackson and D. A. Steinhilber. No. OE-10013, circular No. 679. Department of Health, Education, and Welfare, 82 pages, 60 cents, from Government Printing Office, Washington, D.C. This is the first study on Federal programs for educational activity by fields of study, academic levels and kinds and number of recipients. It is a joint undertaking of the Office of Education and the National Science Foundation. Federal funds for education in this report include grants to State and local governments in support of educational programs; payments to individuals for use in paying educational expenses; payments to educational institutions for services; and grants, payments, loans, transfer of property or provision of services to educational institutions and agencies.

"International Educational Exchange—A Selected Bibliography." T. E. Cotner. No. OE-14066, bulletin 1961 No. 27. Department of Health, Education, and Welfare, 117 pages, 50 cents, from Government Printing Office, Washington, D.C. A nonannotated bibliography that could be helpful, but Bellman Publishing Co. has not been at the address given for 10 years. "Scholarships, Fellowships and Loans," volume III, published 1955, is omitted as is the "Scholarships, Fellowships & Loans News Service."

"College Aspirations and the Future Demand for Higher Education." W. J. Cohen, Higher Education, October-November 1962, vol. XIX, No. 1, pages 4-10, 20 cents. The results of a recent study of the Survey Research Center Institute for Social Research of the University of Michigan are considered in estimating the future demand for educational facilities. Parents' aspirations for their children, their financing of higher education, their attitudes toward public support of higher education are reported.

"Scientific Research and Other Programs of Private Foundations, 1960." Reviews of Data on Research and Development. August 1962, No. 35, 6 pages. NSF 62-28. National Science Foundation. Ten cents from Government Printing Office, Washington, D.C. In 1960, 272 foundations out of a total of 12,000 private philanthropic foundations in the United States spent \$437.4 million or about 87 percent of the total program expenditures; 53 percent went for education; 20 percent scientific research; 17 percent health and welfare; humanities and other, each 5 percent. The larger foundations spent \$230.5 million in the area of education. Educational activities are defined to cover fellowships; scholarships; grants to educational institutions for teaching, teachers' salaries, endowments and unrestricted purposes; but it does not include scientific research.

"Scholarships, Loans and Self-Help Opportunities in West Virginia Colleges." P. Brannon, State Department of Education, Charleston, W. Va. 1962, 152 pages \$1. Considerably expanded coverage from the book of the same title reported in the January 1962 issue of the News Service. Funds are listed by individual schools plus a section on war orphans' education, out-of-State opportunities and State legislative scholarships for teacher education which cut across individual school lines. An expanded bibliography.

INFORMATION ABOUT FUNDS AND FOUNDATIONS

J. W. Clement Foundation scholarship is awarded to sons of the employees of J. W. Clement Co., 8 Lord Street, Buffalo, N.Y. The scholarship is a 4-year full tuition grant to the Carnegie Institute of Technology School of Printing Management plus an additional \$400 to help defray initial cost of living and equipment expenses. The recipient will be counseled both by the personnel department of the company and alumni of Carnegie Tech attached to the company.

Commonwealth Fund, 1 East 75th Street, New York, N. Y. A limited number of fellowship awards in the health field to selected individuals at various professional levels who are concerned with problems of increasing knowledge in the health field and facilitating a more effective use of those programs of information at hand, are made. Emphasis is placed on providing aid to the established scientist or teacher in midcareer who may need an opportunity to refresh his knowledge and review new techniques and developments in his field. Candidates from any of the health sciences, disciplines, and professions, who are American citizens holding either the M. D. or Ph. D. degrees, are eligible.

Educational Foundation Colorado Society of CPA's, 1550 Lincoln Street, Denver, Colo. Any graduating senior from a Colorado high school who has maintained a scholastic average of B or its equivalent during his high school career is eligible to apply. The applicant will be asked to indicate his intention of selecting a college accounting major. The scholarships have been established at six Colorado colleges and universities and cover full tuition for 1 academic year at one of the specified schools chosen by the recipient. Applications must be filed by March 1.

Dwight D. Eisenhower Scholarship Fund, 201 Colorado National Bank Building, Denver, Colo., has as its purpose provision of undergraduate scholarships for needy and deserving caddies or junior golfers from member clubs of the Colorado Golf Association to attend an accredited college or university in Colorado. Applications may be obtained either from local clubs or from the above address and must be filed by June 1.

Foundation for Future Florists, Florists Telegraph Delivery Association, 900 West Lafayette Boulevard, Detroit, Mich., awards scholarships to students who plan to enroll in or who are enrolled in accredited junior colleges, colleges and universities where curriculums are provided in floristry and floriculture that lead either to a degree or to recognition as having had significant exposure to the basic rudiments of floristry. Applications must be filed by March 15. In addition individual members of FTD award scholarships and grants to nurses. Requests for nursing scholarships can be sent to the foundation, which will in turn send the request to the appropriate member.

John T. Hall Student Loan Fund, care of Assistant Trust Officer, Trust Co. of Georgia, Post Office Box 4418, Atlanta, Ga. Applicants must be Georgians who plan to attend Georgia schools or universities unless such applicant cannot receive a comparable education in Georgia or for unusual circumstances prefers a college outside of the State. Except in unusual circumstances at least 40 percent of the applicant's total expenses should be provided from sources that will not increase his postgraduate debt. The maximum loan for undergraduate students is \$500 in 1 year and \$2,000 for 4 years. Graduate and medical students may borrow in excess of these limits. Interest is 5 percent from the date of the note. Repayment is required to begin not later than 6 months after graduation at a minimum rate of \$25 a month for the first 12 months and increasing thereafter by at least \$10 for each 12-month period. Loan is to be repaid within 5 years. Applicants may be required to take out an insurance policy or assign an existing one to cover the amount of the loan. Preliminary screening of applicants through the proper school authorities is preferred.

Latin American Educational Foundation, 730 13th Street, Denver, Colo., makes funds available to students of Spanish ancestry (either parent) including Mexican, who are bona fide residents of Colorado in economic need and have acceptable scholastic standing. The grant may be used at a school of the recipient's choice. Preference is given to those entering college for professional training; students who wish to go to business schools for secretarial or related training are considered. Two courtesy scholarships are available annually to non-Spanish applicants. The foundation also provides boys and girls with counseling and guidance in order to bring about the necessary incentives to carry on their education.

Lockheed Leadership Fund, Post Office Box 551, Burbank, Calif. Four-year scholarships amounting to full tuition and fees plus \$500 for expenses are available to U. S. citizens under 25 and seniors in accredited public, private, and parochial secondary schools. Ten scholarships in engineering and five in other fields are awarded at specified institutions. For a list of the institutions, write Lockheed; however, applications are made directly to the schools.

National Scholarship Trust Fund of the Education Council of the Graphic Arts Industry, 1411 K Street N. W., Washington, D. C., will award at least 12 4-year scholarships to high school seniors and recent graduates interested in management, scientific engineering, and teaching careers in the printing and

publishing industry. Applications must be filed by January 23. In addition some companies and foundations may award competitive scholarships directly to certain students such as children of employees or residents of their communities. Eligibility for such scholarships is individually determined. Information about which companies have such funds may be obtained from the council.

Henry Nelson Student Loan Fund of the Spartanburg County Foundation, 424 Montgomery Building, Spartanburg, S.C. Applicants must be residents of Spartanburg County for at least 3 years. Maximum loan during any year for undergraduate study is \$500, for postgraduate study \$750. Maximum limits are \$2,000 and \$3,000 respectively. Interest is 4 percent of which one-half percent covers credit insurance. Applications should be submitted by July 1. Personal interview is required preferably with a parent. Repayment begins 90 days after graduation or leaving college; monthly instalments of 2 percent of the amount loaned or \$25 whichever is greater are required. Loan may be repaid in full at any time.

Pickett and Hatcher Educational Fund, Post Office Box 1238, Columbus, Ga. Since we reported on the fund in January 1961, there has been a change in its policy. Because of the unusually large number of applications being received, the trustees now require all applicants to have completed one quarter, one trimester or one semester in college with at least a C average and to furnish a transcript of grades before loan applications will be considered.

Rotary Foundation Fellowships for International Understanding, 1600 Ridge Avenue, Evanston, Ill., or the Rotary Club nearest your permanent home. Two types of fellowships are awarded. Regular fellowships are awarded to young men for a year of graduate study abroad. Applicant must have the ability to read and write and speak the language of the country in which he is to study, to have an interest in world affairs, to be between 20 and 28, single and a citizen of the country of his permanent residence, must hold a bachelor's degree or its equivalent by the time the fellowship is to begin. Applications must be made no later than April 15 through the Rotary Club in or nearest his permanent residence. Additional fellowships have the same features and requirements as the regular fellowships except that language ability is not required, a bachelor's degree is preferred but can be waived. Applicants need not be citizens of the country of permanent residence, and they may be male or female. Applicant need not reside in a country in which there is a Rotary Club but must be sponsored by a Rotary Club in a city where he or she is known. For the academic year 1964-65 applicants for the additional fellowships must attend a school in one of 35 specified countries.

Student Aid Foundation, 1025 Clairmont Avenue, Decatur, Ga. Young women who are either residents of Georgia or attending schools in Georgia may borrow from the foundation for regular college courses, graduate work or specialized training such as nursing, secretarial, library, etc. Interest is not charged while the student is still in training. Interest at 3 percent begins 3 months after borrower completes her course or leaves school. If the loan is not repaid within 2 years, interest is charged at 4 percent on the unpaid balance.

Charles Weinstein Foundation, 2115 South Street, Philadelphia, Pa., awards 10 scholarships annually to sons and daughters of the Philadelphia Joint Board of the Amalgamated Clothing Workers of America to attend college in the Philadelphia area. The scholarship is administered by the National Merit Scholarship Corp. A student graduating from high school in 1964 must take the National Merit Scholarship qualifying test in March 1963, and file a form with the foundation by May 31, 1963.

Martin Weiner Scholarship Fund, Textile Workers Union of America AFL-CIO, 1060 Broad Street, Newark, N.J. Residents of Passaic County one of whose parents is employed in the textile industry and who is a member of the Textile Workers Union of America may apply for a full tuition scholarship at the Philadelphia College of Textiles and Science for 4 years.

FREE—HAVE YOU SEEN

Bell Telephone Laboratories, Department of Education and Training, Murray Hill, N.J., "Opportunities for Continuing Your Education," 1961, 16 pages. Details of the support of Bell for educational aid to its own employees doing graduate or undergraduate work in various institutions.

Carnegie Foundation for the Advancement of Teaching, 589 Fifth Avenue, New York, N.Y., "The Role of the College and University Trustee." Summary of a discussion by the trustees of the Carnegie Foundation for the Advancement

of Teaching. Reprinted from the 1961-2 annual report, 13 pages. How are the boards of trustees chosen, who are they, and how do they operate.

Dow Chemical Co., Office of College Relations, Midland, Mich., "The Dow Matching Grant Plan as Part of a Total-Aid-to-Education Program. Five Year Report 1957-62," 1962, 22 pages. A summary of Dow's education aid programs for 5 years with particular emphasis on its matching grant program. Includes a table that shows by State and institution within the State, the number of degree holders at Dow, the number and amount of matched contributions for 1962 and for the period 1957-62.

Eastman Kodak Co., Committee on Aid to Higher Education, 343 State Street, Rochester, N.Y., "Educational Aid Program, Eastman Kodak Co., 1962," unnumbered. Information about its five-part aid-to-education program. Direct grants to 58 privately supported accredited colleges and universities are based on the number of graduates of these institutions who joined Eastman Kodak 5 years ago and are presently employed by Kodak. Research grants to 22 colleges and universities replace awards previously made under a fellowship program. Special grants, contributions to special educational organizations and tuition aid to employees are briefly mentioned.

The John Randolph Haynes and Dora Haynes Foundation, General Purposes and Program, 607 South Hill Street, Los Angeles, Calif. "Programs in Support of Higher Education," pages 13-15. Summarizes the fellowships and scholarships which the Foundation awards to students of the social sciences at selected California institutions. The institutions at which the awards are established select the recipients.

Department of Health, Education, and Welfare, 1963-64 Teacher Exchange Opportunities. Summer Seminars—Teaching For American Elementary, Secondary and Junior College Teachers Under the International Educational Exchange Program of the Department of State. OE-14047-64 Bulletin 1963, No. 1, 1962, 38 pages. Although applications from teachers for teaching abroad and for participation in summer seminars during the academic year 1963-64 closed October 15, 1962, it would be advisable for those who might want to participate in the 1964-65 program to look through this pamphlet.

Illinois Office of the Superintendent of Public Instruction, Springfield, Ill., Major State and Federal Educational Scholarships, A. E. Lawson, 1962, 2 pages. A concise listing of the State educational benefits for Illinois residents and of Federal educational benefits for which Illinois residents are eligible.

Joint Office of Institutional Research, 1785 Massachusetts Avenue NW., Washington, D.C. (American Association of Land-Grant Colleges and State Universities and State Universities Association.) Women's Stake in the College Price Tag, undated, unnumbered. Women suffer the greatest as tuition and fees of public colleges and universities rise. For many reasons loans and scholarships do not meet the needs of women who come from families who cannot afford to pay the increasing bills. Reasonable tuition and fees are required at public institutions.

Leukemia Society, 405 Lexington Avenue, New York, N.Y., Policies and Procedures. The Research Grant Program of the Leukemia Society. Scholar Program Fellowships. 1962, unnumbered. Details of the salary grants to post-doctorate scientists for 5-year periods and of fellowships for promising young scholars with the idea of encouraging them to engage in leukemia research.

Martin Co. Foundation, Baltimore, Md. Scholarships, Martin, undated, unnumbered. Summarizes scholarship opportunities offered by Martin; residence requirements, whether one applies to the company or directly to the specific school.

National Committee for Careers in Medical Technology, care of Registry of Medical Technologists, Muncie, Ind., or American Society of Medical Technologists, Hermann Professional Building, Houston, Tex. College Undergraduate Scholarships and Loans, 1962, 4 pages. Local scholarships in medical technology and cytotechnology are listed by States, as well as a brief mention of some general sources of information and funds.

National Merit Scholarship Corp., 1580 Sherman Avenue, Evanston, Ill., the Merit Scholar, "The Role of Sponsors in the Merit Program," October 1962, volume V, No. 1, pp. 1-3. Question and answer discussion summarizes the differences between National Merit Scholars and sponsored Merit Scholars.

National Scholarship Service and Fund for Negro Students Annual Report 1961-1962, 6 East 82d Street, New York, N.Y., 52 pages. A summary of its activities in 1961-62 and proposals for the coming year.

National Science Foundation Bulletin No. NSF-62-63, 32 pages, Washington, D.C. Summarizes the programs which the National Science Foundation sup-

ports or undertakes in research through research grants, national research programs, national research centers, basic research facilities and institutional grants; and in education in the sciences through programs for graduate students and advanced scholars, programs for high school and undergraduate students, course content improvement and other education programs. Scientific information activities involve development of new methods of handling new information, approving existing information systems and dissemination of foreign scientific information. NSF also supports international science activities and assesses national research potential and need through policy studies, scientific manpower studies, science resources studies. An NSF organization chart and places where additional information about NSF programs and activities may be obtained, is included.

Olin Mathieson Chemical Corp., 460 Park Avenue, New York, N.Y., the Olin Science Education Plan, undated, unnumbered. Summarizes how Olin aids high school science programs in communities in which an Olin plant is located.

Owens-Illinois, Director of College Relations, General Offices, Toledo, Ohio, Owens-Illinois University Scholarships for Men. Undated, unnumbered. Lists the schools at which these scholarships are tenable, their terms and opportunities for summer employment. Application is made directly to the universities.

Rhode Island State Department of Education, Roger Williams Building Hayes Street, Providence, R.I., Scholarships Granted by the State of Rhode Island, Fall 1962, unnumbered. Summarizes the scholarships available through the State board of education and includes requirements for eligibility and method of applying. They are Rhode Island State Scholarship Program, Rhode Island Grants-in-Aid, Business Education Teachers' Scholarships, Nursing Education Scholarships, War Orphans Scholarships and Division of Vocational Rehabilitation Training Grants.

Alfred P. Sloan Foundation, 630 Fifth Avenue, New York, N.Y., Alfred P. Sloan National Scholarships; How to Apply, undated, 7 pages. Lists the schools at which they are tenable. Application is directly with the institution.

United Steelworkers of America, Department of Education, 1500 Commonwealth Building, Pittsburgh, Pa. Scholarships, the Steelworkers Union, 1962, unnumbered. Booklet PR-130. For the school year 1962-63 local unions and districts of the union provided 177 annual scholarships valued at over \$140,000 for higher education for children of members. This booklet lists the scholarships and summarizes their terms. Listing is by districts, subdistricts and local unions within districts.

Victor Adding Machine Co., secretary, Scholarship Committee, 3900 North Rockwell Street, Chicago, Ill., the Victor Foundation Scholarship. Summarizes terms of the scholarship which is available to children of employees of Victor Adding Machine Co. Applications must be filed by March 1.

SCHOLARSHIPS, FELLOWSHIPS, LOANS AND GRANTS

American Federation of Musicians of the United States and Canada, 220 Mount Pleasant Avenue, Newark, N.J. Member locals that contribute to the program make available annually 100 scholarships to outstanding string instrument students between the ages of 15 and 22. They are awarded on the basis of competitive examinations held in the local jurisdictions of contributing local unions. They cover tuition, room and board at Michigan State University plus transportation for an 8-week period. Contact your local union to learn if they participate in the program.

Bowling Proprietors' Association of America, 111 South Washington Avenue, Park Ridge, Ill. Attention: tournament director. In the summer the association cooperating with its State affiliated associations conducts a national junior bowling championship. The top three winners in each of three divisions win scholarship awards of \$2,000, \$1,000, and \$500 respectively. The tournament is for high school students who are between 15 and 19, attending high school and maintaining acceptable scholastic standing. Participating members hold elimination tournaments in the spring. The names of BPAA members in your area can be obtained from national association.

Building Service Employees' International Union, AFL-CIO, 316 West Randolph Street, Chicago, Ill. awards scholarships to sons and daughters of members for at least 3 years of BSEI local unions. Ten awards are made annually on a competitive regional basis. Each award is for \$500 a year and is renewable for 3 years upon satisfactory completion of each academic year. Applications must be filed by February 18.

California State Council of Building Service Employees, 240 Golden Gate Avenue, San Francisco, Calif., awards the Charles Hardy Memorial scholarship to children of members of a local union affiliated with it. Scholarships amount to \$750 a year and are awarded for study at any branch of the University of California. Applications may be obtained from any affiliated local union office, should be returned to the local union and must be filed by April 1. Applications are forwarded to the State council and then to the University of California which determines the recipients.

Chicago Federation of Labor and Industrial Union Council, AFL-CIO, 666 Lake Shore Drive, Chicago, Ill., sponsors the John Fitzpatrick Memorial Scholarship Awards for sons and daughters of local unions affiliated with it. Four scholarships, two each for the February and June graduating classes (one each semester for a boy and for a girl) may be used at any accredited college or university in the United States. Each scholarship is for \$500. Applications must be filed by March 1 and July 1.

Daughters of the Cincinnati, care of Mrs. A. Bruen, scholarship secretary, 1088 Park Avenue, New York, N.Y., awards undergraduate and graduate scholarships to daughters of Regular Army, Air Force, Navy or Marine officers. Applications close February 15.

Institute for Northern Studies, University of Saskatchewan, Saskatoon, Saskatchewan, Canada, offers for the 1963-64 academic year at least six scholarships for students of marked ability who are interested in research problems having to do with northern Canada. The work may be in the fields of the biological, physical, or social sciences or the humanities. It is carried out under the supervision of a department of the university. American applicants with no postgraduate experience can apply for scholarships valued at \$1,800 for 12 months and those with at least a year of postgraduate training may apply for scholarships valued at \$2,200 for 12 months. Applications and all supporting documents must be filed by February 1.

International Brotherhood of Pulp, Sulphite and Paper Mill Workers, Post Office Box 229, Fort Edward, N.Y., awards two \$1,000 John P. Burke Scholarships to children of members in good standing. One scholarship is awarded to a junior and one to a senior in college on the basis of their scholastic achievement, character, and financial need. Applications must be filed by March 1.

This fall the Ralph W. Leavitt Loan Fund was established at the University of Maine for the benefit of youth from papermill towns. Mr. Leavitt is a vice president of the union and has been active in the Maine paper and pulp industry for more than 40 years. Unions, companies, and individuals contributed.

The Junior League of Washington, care of Mrs. Harry T. Carter, Scholarship Chairman, 5211 Norway Drive, Chevy Chase, Md., awards the Marjorie Thaxter Memorial Scholarship of \$2,000 a year for 1 year and renewable for a second year to men and women, who must be citizens of the United States. The preferred age range is 20 to 45, and academic work in most cases is at the graduate school of social service at Catholic University. Each recipient is expected to engage in full-time employment with District of Columbia Department of Public Welfare for a period equivalent to the length of scholarship assistance at a salary of not less than \$6,400 a year; otherwise the scholarship becomes a loan. Applications must be filed by April 1.

Kentucky State Medical Association, 3532 Janet Avenue, Louisville, Ky. A Rural Kentucky Medical Scholarship Fund applicant must be a resident of Kentucky who has been granted admission to a class A medical school. Up to \$1,000 a year may be loaned to qualified applicants. If recipient practices in specified rural Kentucky counties considered to be most in need of a physician at the time the recipient goes into practice, 1-year's loan is canceled for each year's practice in one of these counties; otherwise the loan is repayable within 7 years, and simple interest of 2 percent is charged.

Lever Brothers Co., Presidential Scholarship Committee, 390 Park Avenue, New York, N.Y. The Pepsodent Division sponsors a presidential scholarship program. Through State pharmaceutical associations in each of the 50 States and the District of Columbia, high school students who plan to enter an accredited school of pharmacy may apply for a \$500 scholarship. A new student from each State is eligible each year. Students must be residents of the State conferring the award. Recipients may choose any accredited school of pharmacy. Additional information about the program may be obtained from the above address. Applications are filed directly with the State pharmaceutical association.

Medical Society of New Jersey, 315 West State Street, Trenton, N.J. The medical student loan fund is available to medical students who have satisfactorily

completed the first 2 years of study in an approved medical school in the United States or Canada and have been bona fide residents of New Jersey for not less than 5 years prior to matriculation in medical school. The maximum amount loaned is \$1,000 a year. Repayment begins 2 years after establishment of practice. Interest is 3 percent on the unpaid balance from date of entrance into practice. The fund was established to encourage internship and practice in New Jersey.

National Defense Education Act modern language fellowships for the 1963 summer session or 1963-64 academic year or both are offered in 2 major categories designated program A and program B. Program A supports study of numerous languages of Asia, Africa, and Europe with the exception of French, German, Italian, and Spanish. Program B concerns any languages of Latin America including Spanish, Portuguese, and certain other significant languages of the area. Details of the programs may be obtained from the Office of Education, Division of College and University Assistance or from participating institutions. Eligible applicants must be accepted as full-time students at institutions in the United States that offer the appropriate language and area program. Fellowships cover tuition and all required fees and a stipend of up to \$2,700 for a 12-month period. Additional allowances may be requested for travel and dependents. Applications are obtained from the institution where the fellow wishes to study. Institutions have until Feb. 8, 1963, to forward completed applications to the Commissioner of Education for final selection.

New York State Dietetic Association, care of Mrs. Elizabeth Conan Casey, Chairman, Scholarship Committee, 202 Scarborough Drive, Solvay, N.Y. An annual scholarship of \$200 is awarded to a qualified senior or recent graduate of New York State high schools who will be entering an accredited college offering a degree in home economics. An annual scholarship of \$200 is also awarded to a student who has graduated from a college or university in New York State that has an accredited home economics course that qualifies the student for a dietetic internship approved by the American Dietetic Assn. or for graduate work in the field of dietetics or public health nutrition. Applications for both must be filed by March 1st.

Scholastic magazine writing awards for students in senior and junior high school. Entrants to the competition who are high school juniors and whose manuscripts show special promise will be notified of their eligibility to make application at the University of Pittsburgh and Knox College during the fall term of their senior year. Both of these schools annually offer one 4-year full tuition scholarship. This year in addition, W. A. Sheaffer Pen Co. offers a scholarship grant of \$1,000 to the graduating senior among scholastic writing award winners whose entry receives the highest total of votes from the national judges. Manuscripts are submitted through the students' teachers. Last filing date is March 1, 1963. Entries are sent to Scholastic Magazine Writing Awards, 50 West 44 Street, New York, N.Y.

Society of Daughters of the U.S. Army, in care of Mrs. Edith Morgan Cabell, National Scholarship Chairman, apartment 469, 6200 Oregon Avenue, NW., Washington, D.C. Daughters of retired or deceased commissioned officers of the Regular Army are eligible for a grant up to \$400 a year to attend a college professional school or vocational school that is fully accredited in its academic field. Applications must indicate whether father or grandfather was in Reserve or Regular Army and must be filed by March 31.

United Packinghouse, Food & Allied Workers, AFL-CIO, 608 South Dearborn Street, Chicago, Ill., awards the Russell Bull scholarship to a boy or girl who is a candidate for a degree in a recognized college or university or who is a high school senior who will enroll in a recognized college or university the following fall. Applicants must submit detailed information about their interest, participation, and leadership in activities that further and promote civil rights and civil liberties.

United Spanish War Veterans, National Auxiliary, Post Office Box 1911, Washington, D.C. awards the Clara Barton memorial scholarship to an American girl who is a high school graduate in need of financial assistance to enter a school of nursing. She need not be a member of an auxiliary, but she must be recommended by an auxiliary. The award is for \$250.

Wayne County AFL-CIO, 82 West Montcalm Street, Detroit, Mich. annually awards two scholarships of \$300 each to students (one girl and one boy) who score highest on an examination on the American labor movement and who are children of members of a local affiliated with it. Recipient may study at any college in Wayne County. Applications must be filed by April 30.

Western Tablet & Stationery Co., Personnel Office, 11th and Mitchell Avenues, St. Joseph, Mo. The WESTAB scholarship plan has as its primary intent

providing scholarships for the first 2 years of undergraduate study for the children of employees below the rank of department head in the office and foreman in the factory. Recipient must enroll in a 4-year accredited college or university or a 2-year accredited junior college. Scholarships are \$200 a year and are awarded on an annual basis. The number depends upon the funds available; the plan is financed from vending machine commission receipts.

Woman's Auxiliary to the Texas Medical Association, 1801 North Lamar Boulevard, Austin, Tex. Students in their junior or senior years in medical college in Texas recognized by the AMA; Texas students attending recognized medical colleges in other States who are in their junior or senior years; and residents of Texas who are serving an internship or residence in hospitals approved by the AMA are eligible to borrow from the association's loan fund. Applications are initially processed by medical school deans and hospital administrators. Maximum amount of loan to one person is \$1,000. Loans are granted for 5 years with extension in hardship cases. Interest rate is $2\frac{1}{2}$ percent a year. Past due principal bears an interest rate of 10 percent. Additional loans not to exceed \$200 a year may be made from the George Plunkett Red fund, bear 3 percent interest and are granted for 4 years.

WORK-STUDY PROGRAMS

Dr. FEINGOLD. This section seems adequate and farsighted in its approach. I hope that evaluation of the program will be built into the working design.

SUGGESTIONS FOR ADDITIONAL PROVISIONS TO S. 2490

One of the problems of the entire picture of student financial assistance and guidance in particular that concerns me greatly is the fact that students are not receiving the information they need either early enough in their education or in depth.

There are many reasons for this, not the least of which is that although the National Defense Education Act has dramatically increased the number of trained guidance counselors, we still do not have enough counselors. Communication of the facts on student aid must be improved.

Let me illustrate with just one example: Ed Wieland, in charge of the American Legion education and scholarship program, has estimated that 50 percent of the college-age students who are eligible for assistance under the War Orphans Educational Act have not applied.

We have an information explosion in the guidance field just as we do in the physical sciences. At present it is almost impossible for guidance counselors with their insufficient staffs, both professional and clerical, to keep abreast of the latest information that is available. And last, but not least, the average budget of many schools prohibits them from obtaining much of the new material that appears.

My recommendation, therefore, is that this Education Subcommittee consider adding a section to S. 2490 that deals with making scholarship information available to schools and libraries.

I believe you have available on your staff, and can obtain through the appropriate governmental agencies, estimates on what the cost of a program such as I envisage may be.

Every 2 years, the U.S. Department of Labor publishes the Occupational Outlook Handbook, and on a quarterly basis, it publishes the Occupational Outlook Quarterly. The Department of Health, Education, and Welfare publishes pamphlets on such topics as National Defense Education Act loans, National Defense Education Act fellowships, institutions of higher education, to name just a few.

This material is timely and is available either at no charge or at a nominal amount. It should be in every high school, junior high school, and elementary school with a seventh and eighth grade, as well as every public library. They are not.

I visited more than 100 libraries last year and the libraries did not have up-to-date information in the guidance field. Much of it is so old that I would rather see no information at all than have information that is outdated and presented with incorrect facts.

It seems to me that this Education Subcommittee might consider authorizing funds to place every public elementary school with a seventh and eighth grade, junior high school, senior high school, public library, and public institution of higher education, on a permanent mailing list to receive these important publications as they are published. S. 2490 might also provide for a committee to determine what publications should be so distributed.

No matter how many scholarships, loans, and fellowships we make available, unless we also make available the information about them at a time when students make educational and career choices, we are not helping the greatest number of students.

Further, I would like to see a breakthrough made via S. 2490 in the area of student aid research. Further research seems indicated in the areas of selecting of scholarship recipients from lower socioeconomic and disadvantaged groups, how to most effectively disseminate student aid information to parents and their children who need this help, and more basic facts about the numbers by State of young people who need financial help in order to continue their education and training.

Education and the pursuit of excellence are not longer luxuries but necessities. It is important that young people have the opportunity to continue their education as long as necessary to develop their abilities to the fullest so that they can attain personal fulfillment and make significant contributions to our society in this age of increasing complexities.

To assist students in reaching these goals, there is a great need for both aid funds and accurate and timely information about the many and rapidly increasing sources of financial assistance.

I am most grateful for your cordial invitation and the opportunity to present testimony on S. 2490.

Thank you sir.

(The material referred to in the testimony follows:)

B'NAI B'RITH VOCATIONAL SERVICE,
Washington, D.C., May 24, 1963.

HON. WAYNE MORSE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MORSE: Some time ago you were kind enough to let me know that you have used my book, entitled "Scholarships, Fellowships, and Loans," as resource material for hearings on Federal aid to education.

I am very much concerned about some of the articles by Sidney A. Eisenberg that have appeared in various newspapers. He claims that college is for the asking and that scholarships are going begging. He quotes that \$30 million in funds are left unused.

In my judgment these facts are incorrect and are causing a great deal of harm not only to the young people who are in need of help but also to pending legislation, to people who are interested in establishing additional student-aid funds, and to administrators of existing funds.

Approximately one quarter of a million copies of the enclosed article that I wrote for the Occupational Outlook Quarterly have been distributed. This

article presents the need for further student-aid funds and gives an accurate picture of the field today. In my opinion it can help counteract the misinformation in the article by Sidney A. Eisenberg that has been printed in many newspapers all over the United States.

If possible, I would like to see "Latest Information on Scholarships in the Space Age" reprinted in the Congressional Record.

Your reply will be awaited with interest.

Cordially,

S. NORMAN FEINGOLD,
National Director.

EXHIBIT V

[From Occupational Outlook Quarterly, September 1962]

LATEST INFORMATION ON SCHOLARSHIPS IN THE SPACE AGE

(By S. Norman Feingold¹)

Education and the pursuit of excellence are no longer luxuries but necessities. It is important that young people have the opportunity to continue their education as long as necessary to develop their abilities to the fullest so that they can attain personal fulfillment and make significant contributions to our society in this age of increasing complexities. To assist students in reaching these goals, there is a great need for both aid funds and accurate and timely information about the many and rapidly increasing sources of financial assistance.

Nearly 4 million young people are now attending college, and the number is expected to reach 7 million by 1970. While thousands of students are receiving financial aid in the form of scholarships, loans, or part-time employment, additional thousands of young people with the ability and desire to continue their education forgo higher education for financial reasons because they do not know about the various sources of assistance that may be available to them. This results in a considerable loss each year of the educated abilities of gifted and needy young people. Many new local and national scholarship funds have been established since the first article on "Scholarships in the Space Age" was written for the Quarterly 4 years ago.

Last year, more than \$130 million in scholarship assistance was awarded by colleges, universities, foundations, fraternal organizations, labor and management groups, and others. In addition, more than \$100 million is being awarded in educational loans annually, primarily through the National Defense Education Act. In the academic year 1961-62, more than 1,450 colleges had established National Defense Education Act programs on their campuses. Over 150,000 students borrowed a total of \$71 million made available under the National Defense Education Act; nearly all borrowers indicated that the availability of a student-aid loan made it possible for them to start or continue full-time college studies.

Although student aid for talented youth has become a top priority project, there still remain two serious problems:

(1) Student-aid funds today are still insufficient. At the present, \$750 million in scholarships alone is needed annually. Various studies indicate that inadequate resources are the largest single reason why many able high school students do not attend college.

(2) Young people lack accurate information on student aid at crucial periods in their careers. It is very important that students be informed of the many different kinds of aid available, since a certain type of assistance may be more useful at one stage of a person's education than at another.

It is never too early to make information on student aid available to young people who have the ability and desire to further their education, especially to those at an economic and cultural disadvantage. Too often information about student-aid funds is given so late in high school that it does not reinforce students' motivation for further schooling.

Some student-aid funds do not get as many applicants as they should. For example, recent research revealed that of some 6,200 young Hoosiers eligible

¹ Dr. Feingold, national director of the B'nai B'rith Vocational Service with headquarters in Washington, D.C., is the author of the four standard reference volumes in the series entitled "Scholarships, Fellowships, and Loans," and editor of the "Counselor's Information Service."

for war orphan scholarships available through the Veterans' Administration, only 430 (or 7 percent) had applied for educational assistance. In another local group of more than 500 people, where 90 percent of the group's children were eligible for a specific local scholarship, less than 5 percent knew that the fund existed or that their children were eligible. It is very important that parents, teachers, and counselors have as much information as possible about available funds and that they encourage qualified young people to apply for them.

TYPES OF SCHOLARSHIPS AND LOANS

In the last few years, there has been much confusion as to what the word "scholarship" really means. Typically, a scholarship is awarded to enable a financially needy and qualified student at the undergraduate level to help close the gap between his financial resources and the total cost of further education for a specified period of time. Not all scholarships, however, are based solely on financial need or scholastic achievement. In a number of instances, conditions of eligibility for scholarships limit scholarship grants to those who, in addition, fulfill special personal requirements which may relate to place of birth or residence, membership (by student or parent) in certain groups organizations, or similar qualifications.

Scholarship awards fall into three principal groups—general, regional, and special. General scholarships are usually available to any qualified candidate regardless of residence, religion, race, or contemplated course of study. Such scholarships include those awarded by the National Merit Scholarship Corp. with headquarters in Evanston, Ill. An interested person may be placed on their mailing list to receive future scholarship announcements by writing to them on school stationery.

Regional scholarships require that recipients be from a certain school or from a particular region. The area may include a number of States or it may be limited to a small town. For example, awards from the C. M. Gooch Foundation for Educational Advancement are limited to young people from western Tennessee, northern Mississippi, and eastern Arkansas. On the other hand, the John McIntire Trust gives financial aid only to residents of Zanesville, Ohio.

Special scholarships may be restricted to qualified candidates of certain ancestry, religious faith, place of employment, vocational goal, specific organization membership, and so forth. Other special funds may require recipients to study certain subjects, especially engineering, mathematics, or science. It is hoped, since we are in a rapidly changing era, that more and more new funds will be created without rigid qualifications that may in time make their objectives obsolete.

Scholarship awards range from as little as \$10 to as much as \$2,500 or more per year. Most awards are for less than \$500. The average scholarship award from private funds is slightly higher than the average for those provided by colleges or universities. In many instances, scholarship recipients find it necessary to get aid from more than one source.

Educational loans assume many forms. They vary from costly commercial loans to those that eventually may become outright gifts. Loans are most frequently given on the basis of ability and need, but academic qualifications are not ordinarily as high as for scholarships. A young person who cannot obtain a scholarship may well consider the advantages of an educational loan rather than forgo a higher education.

The increase in educational loans has been one of the most striking developments of the student-aid picture during the past 5 years. A number of colleges now give more in loans than in scholarships. But many colleges still have more applicants for student loans than they can accommodate.

DURATION OF AWARDS

Although there is wide variation, most funds do not grant help for more than 4 years. A number of private funds limit the total amount of loans to a maximum of \$1,500. Some funds give awards for 1 academic year at a time and require that recipients report their progress and maintain certain academic standards in order to qualify for the second year. Many private funds give an award for one semester's work and renew the grant each semester if the recipient continues to meet the required standards. This type of scholarship encourages the recipient to give his best performance and thereby to attain higher grades.

NEED AND GOOD GRADES COUNT

The term "financial need" as generally used today may be simply defined as the difference between the actual annual cost of attending a specific college and the amount of money that the student and his family are able to provide. Most scholarships specify both need and good grades as necessary qualifications. Many also require that students do well on certain tests. There are wide variations in the criteria for evaluating need and academic achievement. Some educators believe that families should be able to provide 15 percent of their gross income for a child's education. Many of the lowest income families that send their children to college do in fact contribute 15 percent and more. Obviously, a family with an annual income of less than \$5,000 can send a child to college only with great sacrifices. A family should start early to earmark the portion of its income needed for children's schooling.

Up to a few years ago the administrators of many private funds, in deciding between two equally qualified candidates or even where one applicant was somewhat superior scholastically, chose in most instance the person whose financial need was greater. At present, a number of private funds are no longer spending so much time trying to equate the differences in need and income, if the need is self-evident. This is a step forward since formulas presently designed to indicate the existence of need cannot be used to differentiate among applicants from very low-income families, all of whom may have a maximum need and approximately similar academic qualifications. Need formulas, however, do attempt to take into consideration total income of parents and students, size of family, number of children in school, and other family responsibilities. Additional information on how financial need is determined may be obtained from the College Entrance Examination Board in Princeton, N.J., the "Scholarships, Fellowships, and Loan News Service" published by Bellman Publishing Co., Cambridge, Mass., or the National Merit Scholarship Foundation in Evanston, Ill.

SOME PRACTICAL SUGGESTIONS

Although many colleges provide student aid to between 20 and 30 percent of their students, scholarships and educational loans are not so easy to get as some young people and their parents think. The cost of college tuition has been rising at the rate of about 10 percent annually since 1959. In that year fees for a single student averaged \$1,550 and ranged from less than \$500 to \$3,450. Therefore, greater effort is called for to obtain a scholarship or other form of educational financial aid.

Most college-controlled scholarship funds—altogether amounting to approximately \$100 million annually—are held by a small group of private colleges.

Three percent of all colleges in the United States control more than one-third of all scholarship funds. Most of these institutions have high tuition charges, so that even with scholarship help the recipient may have to pay more at one of these schools than at a State or other lower cost educational institution. One source of information on the number and amount of scholarship awards of various colleges is the College Life Insurance Co., of America, Indianapolis, Ind.

With more than 325,000 scholarships awarded annually, students, parents, and teachers may well need guidance in selecting the one for which the applicant qualifies best and which is most advantageous to him. Here are some guidelines or such action:

(1) Since student-aid planning for many boys and girls is a crucial part of career planning, it is essential that parents, teachers, counselors, and students know as early as possible the requirements of various scholarship funds at the local, State, and National levels. Any student-aid program will be more effective when there is frequent communication between colleges and secondary schools concerning college admission practices and student financing arrangements.

Many libraries do not have an adequate scholarship file. It is vital that even the small library have current and accurate information available on local scholarships and at least one or two standard student-aid directories. The librarian, counselor, and teacher can do a great deal to see that the scholarship file is up to date and that information reaches young people so that action can be taken at appropriate times.

Students should know how to write an adequate letter of request for application forms, and how to fill out a scholarship application accurately and neatly, because forms are often used as a screening device. Applications should be filed and required tests taken well ahead of the deadline. Many colleges now require that applications be filed early in the senior year of high school; other schools

with later deadlines generally give priority to early applications. If an interview is required, good grooming and ready answers to questions on personal data may tip the scales in an applicant's favor.

(2) A primary source for scholarships is the college, technical school, or university itself. A student needing financial help should write for the schools' student-aid announcement, bulletin, or directory. Some institutions issue publications which contain detailed information about the funds available; for example, the University of Michigan, in Ann Arbor, which awards many scholarships, issues a free 152-page student-aid directory. To apply for student aid at colleges that are members of the College Scholarship Service, a nationwide service, one should write the College Entrance Examination Board, Princeton, N.J.

(3) Applicants should not fail to investigate local sources of scholarships which have grown considerably in recent years. Too often talented young people miss educational opportunities available in their own communities. Hundreds of communities now have directories of scholarship funds that are available locally; cities that have published such directories for many years include Buffalo, Chicago, Cincinnati, Cleveland, Philadelphia, Minneapolis-St. Paul, and Worcester (Mass.). Washington, D.C., and Baltimore, Md., are now in the process of compiling such directories. In smaller communities, service organizations and women's groups have been particularly active in compiling scholarship data. For example, all field offices of the B'nai B'rith Vocational Service have compiled local scholarship information. Many high schools maintain a list of scholarships and loans for which their students may qualify, and some high schools set up their own scholarships.

Local directories have been compiled through National Defense Education Act support, and a rapid growth of State directories is evident. Maryland, Alabama, and California, to mention a few States, have compiled lists of scholarships available to residents. The largest numbers of State scholarships are offered by New York and California.

Today there are many local and State scholarships specifically for the physically handicapped, particularly scholarships administered by State offices concerned with vocational rehabilitation in cooperation with the U.S. Department of Health, Education, and Welfare.

The growth of privately administered local scholarship funds all over the United States continues at an accelerated rate. Some of these new funds may not be listed in a local directory, but information may be available from local service groups such as the American Legion, B'nai B'rith, the Daughters of the American Revolution, Eagles, Eastern Star, Elks, Exchange Clubs, Kiwanis, Lions, Masons, Optimists, Parent-Teacher Associations, Quota, Rotary, the United Daughters of the Confederacy, and from private firms. A most unusual program of local scholarship help is that sponsored by Kiwanis in Quiney, Ill.; information about this program will be sent if it is requested on official school stationery.

(4) Students and their parents, as well as teachers and counselors, will find it helpful to study student-aid books and directories thoroughly, since these contain much information that may help make a technical or college education possible. Some high schools and colleges have student-aid newsletters written by staff members and some also have a scholarship coordinator.

The great volume of scholarship information² that appears in local or national newspapers day after day can benefit many students if the school maintains a clipping service. Magazines also list scholarships available in particular fields of work and these may be helpful to the student who has made a tentative career choice; examples are American Arts, Art News, and Art Digest.

(5) Industrial scholarships are increasing rapidly on local, State, and national levels. Funds are often available from concerns for which parents of students or the students themselves work. Many young people have found that working part time during the school year or during the summer has made them eligible for student aid from their employer.

(6) Tuition-refund plans should not be overlooked in the quest for financial aid. Thousands of business concerns have such plans for both employees and employees' children. The number of refund plans has increased noticeably since the National Industrial Conference Board issued the report "Tuition-Aid Plans for Employees" in 1956. Under this type of plan, a company may pay the full tuition or pay for only part of a course.

Colleges from their early existence have had arrangements whereby children of teachers and professors are given a rebate of tuition or other advantages if

² "Scholarships, Fellowships, and Loans News Service" supplies up-to-date information about scholarship and student-aid opportunities. A free sample of this publication may be obtained by counselors and librarians.

they attend the college or university where a parent is employed. The Tuition Exchange Program at Williamstown, Mass., arranges reciprocal scholarships for the children of faculty members of 200 U.S. colleges and universities.

(7) Labor unions take an active interest in student aid. Through the combined efforts of the AFL-CIO and the land-grant colleges, a national conference on student aid was recently held in Washington, D.C. A number of unions now have scholarship aid available to their members or sons and daughters of members or to others who apply. Many of these aids are given upon successful participation in contests; others are based on ability and need. Local unions often have information about national and local union scholarships for which students may qualify. Information about union scholarships may be obtained by writing to the AFL-CIO, 815 16th Street NW., Washington, D.C.

(8) The War Orphans Educational Assistance Act, administered by the Veterans' Administration, will continue to open the way to higher education for many young men and women. Children of veterans are eligible for 36 months of schooling if the death of a parent (who was a veteran), was attributed to injury or disability incurred in wartime service or, in some cases, in hazardous peacetime service. Survival of the other parent does not affect eligibility. Although most students enrolled under this program pursue college studies, eligible children may also take training in business and vocational schools. Under this program, full-time students ordinarily receive \$110 per month. Generally, students must be from 18 to 23 years of age; but in exceptional cases, earlier or later use of the benefits is allowed. Further information about this program may be obtained from the nearest VA regional office.

(9) A number of private veterans' organizations provide scholarship and loan funds as well as up-to-date information. Local representatives of the American Legion have done a remarkable job in letting students know about scholarships, particularly those offered by the organization and its auxiliary. A copy of "Need a Lift?", a gold mine of information on student aid, may be purchased for 25 cents from the American Legion, Education and Scholarship Program, Post Office Box 1055, Indianapolis, Ind. This publication provides extremely valuable information about funds available at local and national levels for veterans and their families, as well as counselors and teachers.

(10) Most religious groups have increased their student-aid funds in recent years. National agencies sponsored by various faiths often have local and national information available, as do many clergymen. Some colleges provide catalogs which list many students aids for people of different faiths. A number of colleges have specific funds for the children of clergymen.

(11) Many student-aid funds are directed toward helping young people who work part time while in school or full time during vacation periods. Some funds require that recipients of their scholarships earn certain amounts during the summer months.

Many students hold part-time jobs on or off the campus during the school year. At a number of schools, as high as 75 percent of the students work on a part-time basis. Harvard University has a plan to advise and help students in starting small part-time businesses to help meet college expenses.

(12) Students may win awards by entering contests. Most of these contests are open to young people whose parents have incomes large enough to exclude them from student aid, but who feel the need of supplementary funds in order to send them to college. Even if a student does not win an award, entering such a contest provides a good opportunity to test his talents and abilities in a competitive situation. Information on contests approved by the National Association of Secondary School Principals may be obtained by writing to that organization at 1201 16th Street NW., Washington, D.C.

(13) Administrators of many scholarship funds give preference to students who have a wide range of interests rather than to those who excel only in their studies. More and more privately administered scholarship funds are requiring applicants to write an essay on their educational and vocational plans for the future. Administrators of a number of these funds favor young people who take part in extracurricular activities or have worthwhile hobbies. Voluntary participation in community activities can be particularly helpful toward achieving a scholarship award.

(14) A student should check to see if he may qualify for one of the unusual scholarships. His name may have to be Anderson, Leavenworth, or Murphy; or he may have to have been born in a particular location; or he may have to show a reputation for truthfulness; or belong to a particular club; or work for a certain concern. The terms established by some highly restrictive funds have

been moderated under the legal doctrine of "cy-pres" (reaching a decision as near as possible to the testator's intentions).

(15) Teachers and counselors should be on the lookout for individuals interested in sponsoring exceptional students. More and more scholarships are sponsored by individuals who give their money without publicity and remain anonymous. Many people never would have reached their career goals had it not been for an anonymous donor.

(16) Congressmen and Senators can help parents, students, counselors, and teachers by filling requests for copies of student-aid bills such as those introduced recently into the 87th Congress. Especially valuable is "A Directory of Federally Financed Student Loans, Fellowships, and Career Training Programs in the Field of Higher Education in the United States" (in the Congressional Record, April 1962). Both Congressmen and Senators may be especially helpful to students who wish to attend West Point, Annapolis, or the Coast Guard or Air Force Academies. These Academy programs, as well as the Army Reserve Officers' Training Corps, the Naval ROTC, and Air Force ROTC, are all forms of scholarship help. For further information, write to the Office of the Chief, Army Reserve and ROTC Affairs, Department of the Army, Washington, D.C.; the Chief of Naval Personnel, Department of the Navy, Washington, D.C.; or Commandant, Air Force ROTC, Maxwell Air Force Base, Ala.

(17) Young people and their parents, as well as counselors and teachers, should keep informed of the latest developments on student-aid bills in their own State. A number of States, such as New York, Massachusetts, and Rhode Island, have created higher education assistance corporations that guarantee student loans similar to the way FHA guarantees home mortgages. Some States, including New Jersey, have a well-developed scholarship and loan program. All State departments of education can supply detailed information on the student aids that are available in their own States.

(18) Sometimes State and municipal schools have either free or reduced tuition for residents of their areas. The growth of junior colleges has made college education possible for many. Thus, a family or a student may want to take up residence in a city or State where free or inexpensive tuition is available.

A few private schools also provide free or reduced tuition to qualified candidates. An unusual instance is the Webb Institute of Naval Architecture in New York where all students have scholarships covering not only tuition but also board, laundry, lunches, and books. Another school that has made a real impact on education is Deep Springs Junior College in California, where all students earn scholarships that provide tuition, room, and board.

(19) Scholarship loans have also shown growth over the years. A recipient may receive a scholarship to cover the first few years of college, and an additional grant in the form of a loan from the same fund for the remaining years. Sometimes repayment of the loan is canceled if the recipient has shown exceptional promise in his school endeavors or if he follows a specified profession—such as teaching—for a required length of time.

Whether educational loans are offered by a private fund, college, community, or commercial organization, it is suggested that their conditions be examined with extreme care so that the individual understands the terms under which he is receiving a particular loan.

(20) A number of parents pay their children's college expenses by spreading the costs through a variety of payment plans. In some schools, tuition may be paid through the school year rather than in full at the start of the term. Some colleges, through banks, arrange for students to spread their payment of tuition over periods up to 8 years through small monthly payments. Under a number of plans, parents may begin to pay college tuition while their children are still in high school. The Tuition Refund Plan, located in New York, N.Y.; the Insured Tuition Payment Plan, Boston, Mass.; Funds for Education, Inc., Manchester, N.H.; and Education Funds, Inc., Providence, R.I., are just a few of the many such funds; descriptive literature may be obtained by writing to each. Hundreds of banks, savings firms, and insurance companies now offer student-aid plans. More than 800 banks have initiated such programs in the last 3 years. Since there are wide differences in the educational loan programs offered, parents or students should enlist the aid of a knowledgeable person when they select a plan. Some banks, such as Guardian Federal Savings & Loan Association, in the Nation's Capital, maintain a library of career information and college catalogs.

(21) Some schools, such as Antioch College in Yellow Springs, Ohio, and the Drexel Institute of Technology in Philadelphia, permit students to attend school part of the year and work on jobs at other times. Today this type of program is

used in over 90 colleges and universities in this country. Work-study plans not only help the student financially and give him work experience, but the arrangement increases the educational capacity of the school. For a complete list of schools that offer work-study programs, write to the Office of Education, U.S. Department of Health, Education, and Welfare, Washington, D.C., for a copy of "Cooperative Education in the United States."

(22) The relatively low expense of study abroad has become increasingly attractive to U.S. students. The Experiment in International Living, a nonprofit organization located in Putney, Vt., will furnish details of community scholarships for work and travel abroad. Anyone interested in student aid and study abroad should write to the Institute of International Education, 800 Second Avenue, New York, N.Y.

Some private high schools in the United States have educational exchange programs with high schools in foreign countries. In addition, college students who wish to travel and study in Latin America may apply for a scholarship to the Cordell Hull Foundation for International Education, care of International House, 611 Gravier Street, New Orleans, La. They should also investigate the availability of other student-aid funds listed in "Fellowships and Loans for Study Abroad of the Organization of American States and its Specialized Organizations," published by the Pan American Union, Washington, D.C., and in "Study Abroad," available from the UNESCO Publications Center, 801 Third Avenue, New York, N.Y.

CONCLUSIONS

The rapid increase in the number of high school graduates in the years ahead and the growing awareness that a college degree is fast becoming the minimum educational requirement for many positions are the reasons for the great growth projected for college enrollments. Whether our highly trained manpower will increase fast enough to meet the Nation's needs for highly qualified, creative personnel in almost every field depends in part on the financial ability of students to meet the costs of attending colleges. A continuing expansion in the number of college fellowships, scholarships, and loans is necessary.

Here is what should be done:

- (1) More student aid funds should be made available for high school graduates who wish to further their education and training.
- (2) More accurate and comprehensive information should be presented to young people.
- (3) Such information should be presented to young people early enough so that they can benefit from it.

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Senator MORSE. Thank you, Dr. Feingold. I can assure you that your testimony this morning and the material that you have furnished us will be very helpful to this subcommittee in its considerations.

The subcommittee will stand in recess until 9 o'clock Wednesday morning, March 18.

(Whereupon, at 10:40 a.m., the subcommittee recessed until 9 a.m. Wednesday, March 18, 1964.)

COLLEGE STUDENT AID LEGISLATION

WEDNESDAY, MARCH 18, 1964

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 9 a.m., in room 4232, New Senate Office Building, Senator Wayne Morse, chairman, presiding.

Present: Senators Morse (presiding), Clark, and Yarborough.

Also present: Senators Edward M. Kennedy, a member of the full committee, and Vance Hartke, a U.S. Senator from the State of Indiana.

Committee staff members present: Stewart E. McClure, chief clerk; Charles Lee, professional staff member of the subcommittee, and John Stringer, minority associate counsel.

Senator MORSE. The hearing will come to order.

The first witness this morning is Senator Edward Kennedy, of Massachusetts. He can close his ears for a moment while the Chair makes this brief statement for the record.

I want to express that on behalf of the Subcommittee on Education of the Senate Committee of Labor and Public Welfare the appreciation of the entire membership for the wonderful cooperation that we have received from Senator Kennedy and the continuing interest he has displayed ever since he became a member of the full committee.

Although the Senator from Massachusetts is not a member of the subcommittee, I think our records would probably show that his record of attendance at our subcommittee sessions is probably better than that of the majority of the members of the subcommittee because he has taken an informed interest in all of the education legislation that has been before my subcommittee.

Since he has been of such great help to the chairman and to the members of the subcommittee, I wanted in this public record this morning to express my appreciation to him for his wonderful cooperation. I also want to express our appreciation to him for the interest that he is taking in the pending bill, and I welcome him to the hearing room this morning to be a witness on the bill.

The Senator may proceed in his own way.

STATEMENT OF HON. EDWARD M. KENNEDY, A U.S. SENATOR FROM THE STATE OF MASSACHUSETTS

Senator KENNEDY. Thank you very much, Mr. Chairman. I am indeed very glad to be here today and have the opportunity to lend my support for this very important legislation before you. Our Con-

gress has developed a promising record in the field of education over the past few years. The principles of S. 2490 and the remaining areas of S. 580, if adopted, will add measurably to this record. I am sure there will be, as in most legislation, some suggestions for improvements in the language of the bill, and perhaps with respect to some of its features, but I am hopeful that the basic benefits of the proposed legislation will be achieved.

Under the measures already enacted into law we have assisted undergraduate and graduate institutions in their much-needed building programs; relieved the growing shortage of professional health personnel; expanded our Federal-State programs for vocational education; expanded our manpower and training program to meet the growing problem of school dropouts; extended and expanded vital programs under the National Defense Education Act; continued programs of Federal assistance to impacted areas; and improved our Community and college library facilities.

Although this is an encouraging record of progress, I want to emphasize that there must be no resort to complacency. The phenomenal growth of our education system and of our rapidly changing needs, particularly at the level of higher education, demands continued scrutiny and improvements in education plans and philosophy.

Basically, there is an increasing demand for higher education which is at the same time becoming increasingly more expensive. This is a real problem. A rapid growth in the size of the college age population contributes to this growing demand as do technological and social changes that make it imperative that an increasing proportion of the population be offered advanced education.

A million more persons in the Nation will turn 18 in 1964-65 than did in the preceding year period. In Massachusetts, for example, figures from both public and private high schools show that over 68,000 students will graduate this June, or an increase of approximately 14,000 or 20 percent from last year.

In addition to the population increase, steady improvement of secondary education has increased both the desire and the fitness of high school graduates for higher education. The number of students studying for degrees in higher education is expected to rise from a total considerably below 4 million in 1960, to a total of nearly 8 million in 1973, with an accompanying rise of more than 50 percent in secondary school enrollment.

Unfortunately, higher education, which in theory should be every individual's right, is in reality fast becoming a privilege. In a nation where our annual median family income is \$6,000 and the average annual direct cost of attending college is approximately \$1,480 in public institutions, and \$2,240 in private institutions, fewer and fewer can afford the rising costs of education.

It seems to me that our Nation simply must help with the payment of these costs. Surely the Federal Government has a critical investment in human capital which is guaranteed a return of technical and cultural progress and individual fulfillment. As Commissioner Keppel noted in his comprehensive and enlightening testimony before this committee on February 20:

Indeed, the rising costs of education have now narrowed the potential scope of higher education at precisely the time when highly trained manpower is in short supply, and thus constituting acute weakness in our national economic growth.

Commissioner Keppel went on to say that:

As a major item of family expenditure, it is exceeded only by the cost of a house.

Federal aid to college students is not new. Since 1944, more than 3 million World War II and Korean conflict veterans have received \$6 billion in Federal funds for education expenses. Under the National Defense Education Act, more than 300,000 students have been able to participate in the student loan program, and are repaying their loans at more than twice the rate required under the law. This program has proven to be successful, but it has not been broad enough to meet its original objective of assuring that:

No student of ability will be denied an opportunity for higher education because of financial need.

The Federal Government should not take over all the responsibilities for education. As President Kennedy stated in his program for education:

That is neither desirable nor feasible. Instead, its participation should be selective, stimulating, and, when possible, transitional * * * Federal aid (to education) will enable our schools, colleges, and universities to be more stable financially and therefore more independent.

The provisions of S. 2490 should be of assistance in assuring a faster development of our educational potential. The loans, scholarships and work-study programs provided in this legislation are far-sighted and practical. They will help us to meet our heavy responsibilities in this area.

The extension and expansion of the loan provisions of the National Defense Education Act would give greater flexibility to the colleges and to the Commissioner in handling student loan needs. It would provide for a broader distribution of loans among economic levels and afford greater concentration on talent.

In my own Commonwealth of Massachusetts, our institutions of higher learning have made good use of existing loan provisions, but I am now informed that we may be moving into the area of oversubscription because of expanding needs.

Expansion of the loan forgiveness clause of the NDEA is also needed. This clause has already returned valuable dividends in our public elementary and secondary schools where teachers are in short supply. In Massachusetts, however, as in almost every other State, more competent teachers are needed at all levels. The extension of loan forgiveness to teachers in nonprofit private elementary and secondary schools, as well as to college teachers, is a positive step toward meeting this shortage. I supported similar provisions in S. 569, which passed the Senate last year.

I am pleased that S. 2490 also includes a new definition of institutional eligibility. Our junior colleges and technical schools are recognized as having an increasingly significant role to play in our future. This provision will help them to meet their responsibilities effectively.

Turning now to the scholarship provisions of the bill, I would like to review briefly for the committee the situation which confronts my State in this regard. I feel that it points convincingly to the pressing need for supplemental assistance at the Federal level.

At the present time the Commonwealth underwrites scholarship assistance in the amount of approximately \$1,250,000. With the exception of war orphans, who are eligible to receive \$750 per year for 4 years, other student scholarship programs average out to approximately \$300 per year. This, indeed, is the very minimum of assistance.

I am informed that in 1963 the Board of Education Assistance in Massachusetts screened over 3,000 scholarship applications from worthy students. Of this number only 1,030 received scholarships, because of limited funds.

As in the case of education loans, the scholarship programs need both expansion and flexibility in order to encourage the maximum utilization of promising minds regardless of financial status.

I want to say that I am also pleased to lend my support to the concept of a work-study program. This feature of S. 2490 emphasizes the responsibility which each student should bear in contributing to his own education and I know that our young people are eager to participate in this type of self-help.

At present approximately 40 percent of our college students earn money to help finance their education. However, many are in fields totally unrelated to their course of study. A work-study program such as envisioned in this bill would afford participating students the opportunity to contribute to their schools through meaningful work assignments closely aligned with their fields of interest.

At the same time, it would provide advanced students with an opportunity to assist in teaching and other school duties which would be a great assistance to overburdened teachers and school officials.

An especially interesting feature of the bill involves a loan guarantee program which would provide for commercial loans to full-time students in good standing regardless of financial means. In many instances, colleges and universities concentrate their loan and scholarship programs on the more needy students.

The opportunity for Government-guaranteed loans will be of particular assistance to families in those income groups who are finding it increasingly difficult, if not impossible, to pay tuition costs, particularly when they have several children attending college simultaneously.

These children deserve the chance to obtain a college education. Their parents need financial assistance if they are to give them this chance. And, most important, the Nation requires the utmost development of their skills if it is to meet the challenges of the future.

In Massachusetts we are fortunate in having an outstanding higher education loan plan, the first of its kind in the Nation. Under this plan 14,000 students have borrowed over \$9 million since 1957. This pioneer effort on the part of our educators, businessmen, and bankers in Massachusetts has made it possible for college students to receive bank credit on more favorable terms than have ever before been offered. The service which these private citizens have rendered to their communities and the Nation is a significant one. They are to be congratulated on their dedication to the fullest development of our educational potential.

Senator MORSE. May I break in at this point to ask one question in regard to the loan guarantee program? When you say in your statement that they receive credit on more favorable terms than ever before offered, does this include also more favorable terms on interest

rate or is it the standard commercial interest rate but the favorable terms in regard to the length of payout?

Senator KENNEDY. I believe it is on both, but I would like to keep the record open just to check that. I believe that it is on both.

Senator MORSE. I don't know whether it can be worked out or not. I am hopeful that we could work out an arrangement with commercial banks in return for the governmental guarantee that there is some reduction in the interest rate charged. I think that would be very, very important. I have a feeling that if it is properly presented to the leaders of the financial world in our commercial banks, we might get support for it. I am not saying how much that interest rate should be. But to take a young man or woman and burden him with the repayment of a loan the first few years out of college that has accumulated at 6 percent, it is a pretty heavy burden.

Of course, you know my position. I would even be willing—I haven't said this before but I am willing to say it now—I would even be willing, in connection with the Government-guarantee provision, to even have the Government in justifiable cases, if necessary, assume a share of the interest burden on a scholarship basis. It being understood that if we could make an arrangement with the commercial world, speaking hypothetically, and don't hold me to the figures, but let's say instead of 6 percent we could make an arrangement with them for an agreement that they would charge the individual but 5 percent, I might even be willing to consider a scholarship amount equal say to 1 percent, so that the student would pay only 4 percent or 4.5 percent. As you know in my arguments, in presenting education legislation to the Senate over the years, I have stressed that the scholarship program involves, after all, nothing but a repayable loan to the taxpayers. We don't lose anything in the long run because these students are going to make so much more by way of lifetime income when they get their degrees that they will repay to the Treasury, in time, in increased tax amounts more than the sums taxpayers would make available to them by this percent or percent and a half scholarship allowance. That is a pretty good business investment on the part of the taxpayers.

It is a very difficult concept to sell, of course, but you once get the taxpayers to understand it, they approve. I have seen it happen time after time in public discussions of this matter. We need only to explain all we are seeking in Federal aid to education programs is a temporary loan by all the taxpayers to the youth of this country which will be repaid to the taxpayers many times over the amount of aid advanced. The eyes of the audiences open wide and they say to one another "Well, that is pretty good business, isn't it?"

We have made great headway, I think, in persuading the public of the value of Federal aid to education, reciting to them the record of the GI bill. The educational features of the GI bills today have not cost the taxpayers a cent. The public perhaps does not realize that fact. Already the college graduates who were the recipients of the benefits of the GI bill are paying into the Treasury by increased taxes over what they otherwise would have been able to pay, more than the cost of the grants through the GI bill.

If it is that kind of a sound investment, then we shouldn't set up, in my judgment, any limitation as to the recipient except the limitation of ability.

If the student has the ability to do satisfactory college work, it is in the public interest to see to it that he attends college and that we help, where necessary, to finance him. I recognize we should approach our goal gradually. This bill is one of the gradual approaches that we are making. I didn't know before this morning about the Massachusetts system. The Massachusetts system, which you brought out in your testimony this morning, needs to be used by us in our arguments to get this bill through the Senate. It would be very helpful therefore, to us if you would have a member of your staff supplement this part of your testimony with a breakdown as to the mechanical details of the operation of the Massachusetts system.

I want to put it to good use. You may proceed.

Senator KENNEDY. Fine. I shall certainly do that.

(The material referred to above follows:)

THE COMMONWEALTH OF MASSACHUSETTS

ADVANCE COPY 1956 ACTS AND RESOLVES

Edward J. Cronin, Secretary of the Commonwealth

CHAPTER 298

AN ACT To Incorporate The Massachusetts Higher Education Assistance Corporation

Be it enacted, etc., as follows:

SECTION 1. In this act, unless the context otherwise requires, the following words shall have the following meanings—

"Corporation", the Massachusetts Higher Education Assistance Corporation created by this act.

"Financial institution", any banking corporation or institution, trust company, national bank, insurance company, or related corporation, partnership, foundation or other institution engaged primarily in lending or investing funds, and authorized to do such business within this Commonwealth.

"Educational institution", any public or private college, normal school, professional school, scientific or technical institution, university or other institution furnishing a program of higher education.

"Approved educational institution", any educational institution approved by the state-approving agency for the state where such educational institution is situated, and by the board of directors of this corporation.

"Program of higher education", any curriculum, or any combination of unit courses or subjects, which is generally accepted as necessary to fulfill requirements for the attainment of a predetermined and identified educational, professional or vocational objective higher than graduation from secondary school.

"Student", any person domiciled in Massachusetts who (i) is enrolled and in satisfactory standing at an approved educational institution; (ii) is pursuing a program of higher education; and (iii) has satisfactorily completed the requirements of freshmen year of his program of higher education.

"Freshman year", the period consisting of the first academic year of the program of higher education furnished by an approved educational institution.

"Board of directors", the board of directors of the corporation constituted under section ten.

SECTION 2. Christian A. Herter, Samuel Cabot, Jr., Erwin D. Canham, Harold C. Case, Ephron Catlin, Jr., Forrester A. Clark, Richard I. Furbush, Thomas M. Hennessey, Edward B. Hinckley, Richard S. Holden, Donald J. Hurley, John A. Callahan, Harrison Keller, James R. Killian, Jr., J. William Belanger, Ralph Lowell, David B. H. Martin, Very Rev. Joseph R. N. Maxwell, S. Justus McKinley, Very Rev. Vincent A. McQuade, Robert J. Munce, William E. Park, Carl S. Ell, Nathan M. Pusey, Richard S. Robie, Abram L. Sachar, Glenwood J. Sherrard, Michael F. Skerry, Edward R. Tufts, their associates, successors and assigns, are hereby constituted a body corporate under the name of Massachusetts Higher Education Assistance Corporation. The corporation shall be subject to, and have the powers and privileges conferred by, the provisions of chapter one hundred and fifty-five and sections twenty-six and twenty-seven of chapter one hundred and fifty-six of General Laws, except so far as said provisions are inconsistent with or otherwise restricted or limited by the provisions of this act.

The provisions of chapter one hundred and eighty of the General Laws shall not apply to the corporation.

SECTION 3. The principal office of the corporation shall be located in the city of Boston. The corporation may have offices in such other places within the commonwealth as may be fixed by the board of directors.

SECTION 4. The purposes of the corporation shall be to aid and assist students to fulfill a program of higher education.

In furtherance of such purposes and in addition to the powers conferred on business corporations by the provisions of the General Laws specified in section two, the corporation shall, subject to the restrictions and limitations herein contained have the following powers:

(a) To elect, appoint and employ officers, agents and employees; to make contracts and incur liabilities for any of the purposes of the corporation, including any secondary liability by way of guaranty or endorsement of the obligations of any student, his parent or guardian, or of any approved educational institution.

(b) To raise money for any of the purposes of the corporation by the issue of not more than one thousand shares of non-voting capital stock of the par value of one hundred dollars each to members, and by borrowing and to issue for such borrowing its bonds, debentures, notes or other evidences of indebtedness, whether secured or unsecured, and to secure the same by mortgage, pledge, deed of trust or other lien on its property, franchises, rights and privileges of every kind and nature or any part thereof or interest therein, without securing member approval.

(c) To make loans to any student, his parent or guardian, or to any approved educational institution, and to establish and regulate the terms and conditions with respect to any such loans and the charges for interest and service connected therewith.

(d) To purchase, receive, hold, lease, or otherwise acquire, and to sell, convey, transfer, lease or otherwise dispose of real and personal property, together with such rights and privileges as may be incidental and appurtenant thereto and the use thereof, including, but not restricted to any real or personal property acquired by the corporation from time to time in the satisfaction of debts or enforcement of obligations.

(e) To receive money or other property, tangible or intangible, real, personal or mixed, by gifts bequest, devise, or otherwise.

(f) To acquire, subscribe for, own, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of the stock, shares, bonds, debentures, notes or other securities and evidences of interest in, or indebtedness of, any person, firm, corporation, joint stock company, association or trust, and while the owner or holder thereof to exercise all the rights, powers and privileges of ownership, including the right to vote thereon.

(g) To do all acts and things necessary or convenient to carry out the powers expressly granted in this act.

SECTION 5. Notwithstanding any rule at common law or any provision of any general or special law or any provision in their respective charters, agreements of association or articles of organization, any financial institution and any domestic corporation organized for the purpose of carrying on business within this commonwealth, including without implied limitation any electric or gas company as defined in section one of chapter one hundred and sixty-four of the General Laws, and any railroad corporation as defined in section one of chapter one hundred and sixty of said General Laws, is hereby authorized to make contributions or loans to the corporation and to acquire, purchase, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of any bonds, securities or other evidences of indebtedness created by, or the shares of capital stock of, the corporation, all without the approval of any regulatory authority of the commonwealth.

SECTION 6. Any corporation specified in section five, any foreign corporation authorized to do business in this commonwealth, any financial institution, and any approved educational institution shall be eligible for membership in the corporation upon such terms and conditions, not inconsistent with the provisions of this act, and upon payment of such fees as the by-laws may provide.

No member of the corporation shall be responsible for losses of the corporation or liable for the payment of any sum of money or for damages or otherwise on account of any contract or obligation of the corporation.

SECTION 7. Membership in the corporation shall be for the duration of the corporation; provided that (a) upon written notice given to the corporation as provided in the by-laws, a member may withdraw from membership in the corporation at the expiration date of such notice; or (b) if there shall be a legisla-

tive amendment to this charter which shall not have been approved by the members as provided for in section nine within sixty days after the effective date of such amendment, any member voting against the approval of such amendment may withdraw from membership forthwith upon giving written notice to the corporation not later than ninety days from the effective date of such amendment; or (c) the board of directors may by affirmative vote of two thirds of its number terminate the membership of any member if in its discretion such action is in the best interests of the corporation.

SECTION 8. The members of the corporation shall have the following powers of the corporation—(a) to determine the number of and elect directors as provided in section ten; (b) to make, amend and repeal by-laws; (c) to amend this charter as provided in section nine; (d) to dissolve the corporation as provided in section seventeen; (e) to exercise such other of the powers of the corporation as may be conferred on the members by the by-laws.

As to all matters requiring action by the members of the corporation, except as otherwise herein provided, such matters shall require the affirmative vote of a majority of the votes to which the members present or represented at the meeting shall be entitled. Each member shall have one vote, in person or by proxy.

SECTION 9. This charter may be amended by the votes of the members of the corporation, and such amendments shall require approval by the affirmative vote of two thirds of the votes to which the members shall be entitled; provided, that no amendment of this charter which is inconsistent with the general purposes expressed herein or which eliminates or curtails the obligation of the corporation to make reports as provided in section twelve shall be made without amendment of this act; and provided, further, that no amendment of this charter which affects a member's right to withdraw from membership as provided in section seven, or affects a member's voting right as provided in section eight, shall be made without the consent of each member affected by such amendment.

Within thirty days after any meeting at which amendment of this charter has been adopted, articles of amendment signed and sworn to by the president, treasurer and a majority of the directors, setting forth such amendment and due adoption thereof, shall be submitted to the attorney general of the commonwealth, who shall examine them, and if he finds that they conform to the requirements of this act, shall so certify and endorse his approval thereon. Thereupon the articles of amendment shall be filed in the office of the secretary of the commonwealth, and no such amendment shall take effect until such articles of amendment shall have been filed as aforesaid.

Prior to or within six days after the effective date of any legislative amendment to this charter, the approval of such amendment shall be voted on by the members of the corporation at a meeting duly called for the purpose. If such amendment is not approved by the affirmative vote of two thirds of the votes to which the members shall be entitled any member voting against the approval of such amendment shall have the right to withdraw from membership as provided in section seven. Within thirty days after any meeting at which a legislative amendment has been voted on, a certificate signed and sworn to by the clerk or other recording officer of the corporation, setting forth the action taken at such meeting with respect to such amendment, shall be filed in the office of the secretary of the commonwealth.

SECTION 10. The business and affairs of the corporation shall be managed and conducted by a board of directors, a president, a treasurer, a clerk, and such other officers and such agents as the corporation by its by-laws shall authorize. The board of directors shall consist of such number, not less than fifteen or more than fifty, as shall be determined in the first instance by the incorporators and thereafter annually by the members of the corporation. The by-laws may provide for the classification of directors and for the classification of members entitled to vote therefor; provided, that each member shall be entitled to vote for the directors of at least one class. The board of directors may exercise all the powers of the corporation except such as are conferred by law or by the by-laws of the corporation upon the members, and shall choose and appoint all the agents and officers of the corporation and fill all vacancies except vacancies in the office of director, which shall be filled as hereinafter provided. The board of directors shall be elected in the first instance by the incorporators and thereafter at each annual meeting by the members of the corporation, or, if no annual meeting shall be held in any year at the time fixed by the by-laws, at a special meeting held in lieu of the annual meeting. The directors shall hold office until the next annual meeting of the corporation or special meeting held in lieu of the annual meeting after the election and until their successors are elected and qualified, unless sooner

removed in accordance with the provisions of the by-laws. Any vacancy in the office of a director shall be filled by the directors.

Directors and officers shall not be responsible for losses of the corporation or liable for the payment of any sum of money or for damages or otherwise on account of any contract or obligation of the corporation except in case of the willful misconduct of such directors and officers.

SECTION 11. The corporation shall not deposit any of its funds in any banking institution unless such institution has been designated as a depository by a vote of a majority of the directors present at an authorized meeting of the board of directors present at an authorized meeting of the board of directors, exclusive of any director who is an officer or director of the depository so designated. The corporation shall not receive money on deposit.

SECTION 12. The corporation shall make an annual report of its condition to its members and shall file a copy thereof in the office of the secretary of the commonwealth.

SECTION 13. The first meeting of the corporation shall be called by a notice signed by three or more of the incorporators, stating the time, place and purpose of the meeting, a copy of which notice shall be mailed, or delivered, to each incorporator at least five days before the day appointed for the meeting. Said first meeting may be held without such notice upon agreement in writing to that effect signed by all the incorporators. There shall be recorded in the minutes of the meeting a copy of said notice or of such unanimous agreement of the incorporators.

At such first meeting, the incorporators shall organize by the choice, by ballot, of a temporary clerk, by the adoption of by-laws, by the election by ballot of directors, and by action upon such other matters within the powers of the corporation as the incorporators may see fit. The temporary clerk shall be sworn and shall make and attest a record of the proceedings. Ten of the incorporators shall be a quorum for the transaction of business.

Whenever the certificate required by section thirteen of chapter one hundred and fifty-five of the General Laws has been filed in the office of the secretary of the commonwealth, said secretary shall issue and deliver to the incorporators a certified copy of this act under the seal of the commonwealth, and said corporation shall then be authorized to commence business.

SECTION 14. The corporation shall not be subject to any of the provisions of chapter sixty-three of the General Laws, nor to any taxes based upon or measured by income which may be hereafter enacted whether by the commonwealth or any subdivision thereof; and the securities and evidences of indebtedness issued by the corporation established under the provisions of this act, their transfer, and income therefrom, and deposits of financial institutions invested therein, shall at all times be free from taxation within the commonwealth.

Any holder of any securities or evidences of indebtedness who realizes a loss from the sale, redemption or other disposition of any securities or evidences of indebtedness of the corporation, including any such loss realized on a partial or complete liquidation of the corporation and who is not entitled to deduct such loss in computing any of such holder's taxes to the commonwealth, shall be entitled to credit against any taxes subsequently becoming due to the commonwealth from such holder, a percentage of such loss equivalent to the highest rate of tax assessed for the year in which the loss occurs upon mercantile and business corporations, as referred to in section two of chapter sixty-three of the General Laws.

SECTION 15. The provisions of chapter one hundred and ten A of the General Laws shall not apply to the bonds, debentures, notes, evidences of indebtedness, or any other securities, of this corporation.

SECTION 16. The period of duration of the corporation shall be fifty years, subject, however, to the right of the members to dissolve the corporation prior to the expiration of said period as provided in section seventeen.

SECTION 17. The corporation may, upon the affirmative vote of two-thirds of the votes to which the members shall be entitled, petition for its dissolution by order of the supreme judicial or superior court, in the manner provided in section fifty of chapter one hundred and fifty-five of the General Laws. Upon any dissolution of the corporation the corporation's assets shall be distributed as directed by the court which ordered such dissolution.

SECTION 18. If the corporation shall fail to commence business within three years from the effective date of this act, then this act shall become null and void.

SECTION 19. Under no circumstances is the credit of the commonwealth pledged herein.

SECTION 20. Students may receive aid and assistance from the corporation notwithstanding that they are under twenty-one years of age, and for such purpose such minors shall have full legal capacity to act in their own behalf in the matter of contracts and other transactions, and with respect to such acts done by them they shall have all of the rights, powers and privileges and be subject to the obligations of persons of full age.

SECTION 21. The provisions of this act are severable, and if any of its provisions shall be held unconstitutional by any court of competent jurisdiction, the decision of such court shall not affect or impair any of the remaining provisions.

Senator KENNEDY. But we cannot really expect the private sector of our economy to bear the entire burden in this field of higher educational assistance. With the rising costs of education and the growing number of students seeking a college education the Federal Government must augment existing programs.

Before closing, I should like to say that Dr. Owen B. Kiernan, commissioner of education from Massachusetts, has asked me to express to the committee his support for this legislation.

Mr. Chairman, when those capable young people who want to continue their education can't do so because they can't afford it, this is a great waste. It is a waste of ability. It is a waste of incentive. This country's continued strength as an enlightened world leader more and more will depend upon the advanced training and education of its young people.

Knowledge, and the maturity to handle it, is the goal of education. A better, more orderly society is the result. Never in our history have so many young people wanted to continue their education. They must be given every chance to do so.

I would like to in behalf of the people of my own State of Massachusetts, who have had, I would like to think, such a great tradition in the field of providing institutions of higher learning, and have made a really unique contribution to the education of all people really throughout our great Nation and throughout the world, and who continue to have such an abiding interest on the programs which are being considered by the Congress and by the Senate, and who have experimented with a number of different means by which to provide benefits for the young people in the State, I would like to take this chance of expressing their great appreciation for the efforts of this committee and the extraordinary amount of interest and concern that this committee has manifested over the period that I have been in the Senate, and I know my immediate successors, because this is a matter in which they are deeply interested, deeply concerned about, and is a matter on which I received an extremely large amount of mail and well-thought-out mail.

I want to express on behalf of the people of the State the great appreciation of the chairman of the subcommittee for providing such leadership and bringing to bear such a wide diversity of background and experience to the benefit of the people of my State and to the benefit of the young people throughout the Nation.

Senator MORSE. Thank you, Senator Kennedy. The subcommittee appreciates your cooperation and your testimony this morning. It will be very helpful to us in urging favorable action by the subcommittee and the full committee on this bill.

You will note that the President's proposal of yesterday on the poverty plan clause, a section on work-study, is somewhat similar to the provisions in both S. 580 and S. 2490. I understand that we are going to have hearings on the program conducted by a select committee.

The work-study feature of the poverty program I think will dovetail with these two bills that we are now working on.

I want to thank you very much for your testimony.

Senator KENNEDY. Thank you very much.

Senator MORSE. Our next witness is the president of Georgetown University, Father Edward B. Bunn, who represents the Association of American Colleges. I want to say to the association through you this morning, Father Bunn, that this subcommittee appreciates the wonderful help that we have received from the Association of American Colleges for the past several years on a whole series of bills which have passed through this subcommittee. We are particularly pleased to have your additional help this morning on this bill.

You may proceed in your own way.

**STATEMENT OF FATHER EDWARD B. BUNN, PRESIDENT OF
GEORGETOWN UNIVERSITY, FOR THE ASSOCIATION OF AMERICAN COLLEGES**

Father BUNN. Thank you. As you said, I am Edward B. Bunn, S.J., president of Georgetown University. I am appearing before you today on behalf of the Association of American Colleges, of which my university is a longtime member.

I believe my association needs no introduction to this committee. It is, as you know, the national organization of liberal arts colleges. It has a membership of 848 colleges and universities, or more than nine-tenths of all American institutions that offer an accredited 4-year program of undergraduate education in the arts and sciences. The association may fairly claim, therefore, to be fully representative of undergraduate education in the United States. As such, we are conscious of our great responsibility to the American people.

We are proportionately grateful for this opportunity of expressing to the subcommittee our views on a bill that deals with a subject of the greatest importance to the public welfare, the Higher Education Student Assistance Act of 1965.

Let me say first of all that the members of my association are in full agreement with the aims of the bill as stated by its distinguished sponsor, Senator Hartke. We believe that no man of good will can dissent from the principle proclaimed by the late President Kennedy that no student of ability should be denied an opportunity for higher education because of financial need. It draws its force from the historic commitment of the American Nation to promote the happiness of its citizens—both directly, because of the benefits derived by the individual from the highest education of which he is capable, and indirectly, because of the benefits, as you expressed before, accruing to the whole society from the development of educated manpower as a national resource.

Like other educational organizations that have testified before you, we are concerned lest this principle be seriously breached by the rising cost of higher education. We need not recapitulate the testimony given to this committee over the past few years, and as recently as last week. The pertinent facts were clearly summarized by Senator Hartke in his own testimony, which was a source of great encouragement to us by the evidence of the profound and comprehensive studies that were made of the whole situation.

We need only add our own conviction that this danger calls for action on the part of our National Government, not to inhibit and supplant but to encourage and supplement the efforts of State and local governments, private benefactors and educational institutions themselves to furnish financial assistance adequate to the growing needs of American youth. Even if those who are kept out of college by financial stringency were fewer than is suggested by the available evidence, it would still be in the public interest to err on the side of generosity. The Nation simply cannot afford the risk of stunting its growth by failing to make full use of its human resources.

THE PACKAGE APPROVAL

Secondly, we are pleased that this bill embodies what the U.S. Commissioner of Education has called the package approach. We agree with Commissioner Keppel that "the best way to think about this problem of financial aid at the college level is in terms of a combination of ways of going about it." It is indeed true that no single method is appropriate to the needs of every student. We must take care not only of the brilliant child of the slums, whose parents cannot contribute a penny to the cost of his education, but also of the middle-class child, whose family will think no sacrifice too great if it provides him with an education worthy of his abilities. No one of the programs comprised in this bill would cover the whole spectrum of needs, but none of them can be neglected if those needs as a whole are to be effectively and equitably met.

This does not mean that my association is committed to support of every detail of the bill as it stands. S. 2490 is a complex and tightly drafted measure, and our members have had little opportunity for detailed study of its provisions. Excepting only the extension of loan forgiveness under the National Defense Education Act to borrowers who become teachers in private schools or institutions of higher education, which we have been advocating since 1959, the association had hitherto taken no official position on any of the proposals embodied in the bill.

In these circumstances, Mr. Chairman, we could not have offered testimony before this subcommittee without first seeking to obtain the views of our members by the only available means, a postal ballot directed to their chief executive officers. Such a ballot has in fact been conducted, but I think it is important for your subcommittee to understand the limitations of this procedure. Within the short time at our disposal, all we could do was to ask the presidents, on the strength of a brief summary of the bill's contents, to return a straight yes-or-no vote on each of its principal proposals: liberalization of the National Defense Education Act loan program; a Federal scholarship program; Federal insurance of private loans to students; and a Federal subsidy for work-study programs.

POLL RESULTS

With that understanding, I can report that the poll showed strong support for the bill. Just over 70 percent of all eligible voters returned usable ballots. On each of the four items an overwhelming majority voted affirmatively, and on the first three items the affirmative vote represented a clear majority of all our members, whether

voting or not. It may be of interest to add that a somewhat cursory inspection of the ballots does not indicate any great differences in the voting pattern between different parts of the country or different types of institutions.

A more systematic analysis of the votes of its own membership was carried out by the Council of Protestant Colleges and Universities whose 231 members are nearly all members of our association. The analysis showed a remarkably close correspondence between the two organizations, their organization and ours, both in the percentage of members that had returned ballots and in the distribution of ballots, on each of the four items, between "yes," "no," and doubtful or not voting.

May I repeat that we must be careful not to exaggerate the inferences to be drawn from this rather rough-and-ready survey of opinion. Some of the member presidents responding to the inquiry contrived to supplement their ballots with thoughtful letters expressing their comments or queries on points that are of particular concern to them. After studying these letters, and after examining the Hartke bill in greater detail than was possible for many of our colleagues, the commission on legislation would like, with your permission to suggest some considerations that should be taken into account by the Congress in determining the final form of the legislation that we hope to see enacted. We believe that, in considering legislation as far-reaching in its social implications as this present bill, it is necessary not only to assess the benefits it is expected to produce but also to try to foresee the possibility of unintended consequences.

TITLE II, NATIONAL DEFENSE EDUCATION ACT COMMENTS

We share the view expressed by Senator Hartke and other witnesses before this subcommittee that the student loan program under the National Defense Education Act has proved an outstanding success. We are in favor of continuing and enlarging it to whatever extent is necessary to attain its purpose. At the same time, if the limit on individual borrowings is to be raised and the limit on funds available to the institution is to be totally removed, we suspect that it may be desirable for the U.S. Office of Education to stiffen its procedures of administrative review in order to insure that both the letter and the spirit of the law are being observed.

We would not presume to challenge the figures cited by Senator Hartke to show that during the first 4 years of the program the incidence of defaults was insignificant. But casual reports reaching us from many quarters suggest that this admirable start is not being fully kept up. We are not opposed to the principle of forgiveness—provided that it is applied without discrimination between different classes of teachers—but we fear that it may have encouraged the belief—not unknown among student borrowers—that what is in form a loan may in practice be treated as an outright grant. We believe, with the majority of our colleagues in the association, that both loans and scholarships are needed, but the needs that they are designed to meet are presumably different, and we do not think it is in the public interest, or socially healthy, for the distinction between them to be blurred. We therefore suggest, with all respect, that the Congress should think twice before enlarging the scope of forgiveness.

As representatives of 4-year colleges, we hope we shall not be misunderstood if we express apprehension about the proposed extension of the loan program to 2-year colleges. We have no wish to play the "dog in the manger." But we cannot help reflecting that the extension would bring within the scope of the program 700 or 800 additional institutions with some hundreds of thousands of students. Most of these institutions are colleges of the nonresidential, community type, part of whose "raison d'être" is the provision of 2 years of post-secondary education at the lowest possible cost to the student. The need of their students for financial aid is presumably, therefore, much less than that of the average undergraduate. But, if many of these students became borrowers under the program, we fear that, even with the generous additions proposed by Senator Hartke to the total appropriations, the sum actually available for students in 4-year institutions would be reduced rather than increased.

SCHOLARSHIP COMMENTS

The vote of our association on the second major item in the bill shows that the majority of liberal arts colleges have now come to the conclusion—which is shared by the commission on legislation—that a Federal scholarship program is indispensable to realization of the principle of unrestricted educational opportunity.

May I remark, parenthetically, here that this was not always the view.

We should fail in our duty, however, if we did not add that many of us have reached this conclusion with considerable reluctance. The traditional view of our association has been that Federal involvement in higher education is justified only where it is needed to attain a goal of national importance that is not satisfactorily attainable by State, local, or private action. We have by no means abandoned that view.

The programs of Federal aid that have been enacted up to now do not seem to be fulfilling the fears of their opponents that the flow of financial support from other sources would be inhibited, but the possibility must always be taken account of in weighing the merits of a new program. We foresee a real danger that, in face of the growing demands on State revenues—not least for education—State governments might be tempted by a Federal scholarship program to cut back their own provision for scholarships and ultimately, perhaps, seek to throw the whole burden of student aid on the Federal Government. Such an abdication of State responsibility would, in our view, be a grave national misfortune. The Federal scholarship program proposed in the present bill is a modest one. It may well fall short of filling the gap between total needs and the facilities offered by existing programs. But in any case we believe that in enacting any such program Congress should make it indisputably clear that it is intended simply to close the gap and not to take the weight off State-supported, private or institutional scholarship programs.

MAINTENANCE OF EFFORT PROVISIONS

Senator MORSE. I would like to interrupt at that point, Father, to endorse your observation in respect to the obligations of the States

and local governments to continue their efforts and to expand their efforts. I have no magical formula to offer, but the subcommittee is certainly going, in my judgment, to have to give very careful consideration to this point. I want counsel and staff members of the subcommittee to take note of this part of the record.

One of the difficulties which will confront us as we consider the various approaches is the matter of fairness to the student.

We have to be very careful that we don't lay down some formula or procedural rule which only serves to handicap the opportunity of the student. I suggest to counsel for the committee that consideration be given to the point I raised. I would like to have him get in touch with the people down in the Office of Education on it. Perhaps I should say parenthetically, Father, that we conduct a seminar in this subcommittee. Senators are the professors and the students are the members of the staff and all the personnel of Commissioner Keppel's agency, including the Commissioner himself. From time to time I assign term papers and this is going to be another one. I ask counsel to call to Commissioner Keppel's attention, the observation that I now make on Father Bunn's testimony. We ought to obtain a memorandum from the Office of Education bearing on possible alternatives which we might adopt to require some types of matching money formula or other proof, at least, that the State is proceeding with its own scholarship program at the same rate of growth. Should they find in a given case that the State has not established a scholarship program, then we should have the opinion of the office concerning a requirement that they institute a program, in return for which they would be eligible to get some scholarship aid from the Federal Government.

There are many reasons I think, Father, why this point of view of yours should be pursued further in terms of language in this bill, because no one can be more conscious than the chairman of this subcommittee and the Senator from Texas who sits at my left, about the pervasive problem, which we have at all times in taking education bills through the Senate, that we aren't enhancing the danger of Federal dictation or control.

Wherever we encounter those that hold that point of view, I feel it to be on the basis of the record, a biased point of view. Nevertheless it is a point of view shared by many. Some, however, are simply looking for some handle to take hold of to say that legislation of that type is going to enhance the danger of undue Federal interference. Such an argument is always weakened when we can say "ah, but we have provisions requiring the State, right in the bill, to do its share. If you have language that the State is required to do its share, then the Federal Government can't very well be accused of domination. The Federal money can supplement but not supplant the State activity.

There is a great deal of difference between supplanting and supplementing.

I am glad you raised this point. I have spoken at greater length than I should have but I did it for the purpose of students of my seminar. You may proceed.

Senator YARBOROUGH. Mr. Chairman, may I say a word there?

Senator MORSE. Certainly.

INCREASED COST OF EDUCATION

Senator YARBOROUGH. Maybe I am getting ahead of this next paragraph of Father Bunn's, but I am glad that he has put in here this danger of a decline in State revenues in higher education. I am alarmed at the trend of the past few years to put the cost of higher education on the back of the students. We had a distinguished panel testify before this committee, I believe it was the week before last, with the responsible officials from five universities participating, those responsible for conditions of admissions in their colleges and universities. Harvard, Wisconsin, and Rhode Island were three of the five. The paper that one of those distinguished educators entered showed that in the last few years the share of the cost of higher education borne by the students themselves had gone up from 44 percent to 50 percent.

I think it is an alarming thing in American higher education when the students out of fees pay 50 percent of the cost of higher education.

Just to illustrate what one or two deans of colleges have told me, but off the record, they said if they were to say so back home they might be fired. The price of entrance into college today—the ticket of admission—is measured more by dollars than the quality of the intellect of the student. If you have got money, you go to college. If you don't have money and you are a near genius, you can get in, but if you are an average student without money, your time is difficult. Now we passed a college construction aid bill. That is bricks and mortar. We have vast interests working to help pass bills like that for bricks and mortar, and organizations that help pass bills to supplement teachers' pay, salaries, but we don't have organizations up here fighting for justice for the students themselves.

I think some of the colleges tend to overlook—in their anxiety to get money to survive—tend to overlook this terrific cost on the students.

I am glad that your paper here presents that. If this unrestricted educational opportunity is to continue, as you point out, if this unrestricted opportunity is to continue, we can't gradually shift all of this off on the student.

Father BUNN. That is right.

Senator YARBOROUGH. Which means the family. I think that is the point.

Father BUNN. I can just give one example on that. With these average students and the increased cost in education, our scholarship fund has practically doubled within the last 6 years, precisely to give the ones who can't pay more help, and this national loan fund has been extraordinary in that. But we don't want to take it away because we are going to get money for them whether or not they are the highest qualified boys.

Senator YARBOROUGH. Thank you.

Senator MORSE. You may proceed.

DEFINITION OF PERSONAL NEED

Father BUNN. For this among other reasons, we think that the concept of personal need as a criterion of eligibility for a Federal scholarship must be very carefully defined. We agree with the pro-

vision of section 217 of the bill that the scholarshipholder should be free to attend any institution of his choice. If we have correctly interpreted the rather ambiguous wording of section 216(a), which says that "need shall be determined without regard to tuition, fees, and other expenses of attendance at the particular institution of higher education chosen by the individual," it will tend to impose a practical limitation on freedom of choice. We believe, however, that such a limitation is justifiable in the general public interest.

The provision in section 218 of cost-of-education allowances for institutions that admit Federal scholarshipholders causes us some misgiving. The proposal has obvious attractions because, by providing some compensation for the difference between what it cost to educate a student and what he has to pay for it, it reduces the strain that would otherwise be imposed on the financial resources of the institutions by a program that brings more students into college. It may be too pessimistic to fear that some admissions offices might be tempted to discriminate unfairly in favor of candidates who would bring with them a bounty of \$350. But the commission on legislation is inclined to think that, as a general rule, both equity and economy will best be served by keeping aid to students and aid to institutions separated as completely as possible from each other.

Turning to the third part of the bill, we have no means of knowing how far the need for loan money exceeds the total available under the National Defense Education Act, the various State-supported programs, the private plans supported by United Student Aid Funds, Inc., and other reputable programs. If however the demand is so great that substantial numbers of students are driven to borrow at the exorbitant rates cited by Senator Hartke, we believe that there is ample justification for Federal action to encourage the provision of additional funds at more reasonable rates of interest.

WORK-STUDY COMMENTS

Of the four component parts of S. 2490, the proposed subsidy for work-study programs elicited the least favorable response from the members of our association. The references made to this proposal in letters received from member presidents suggest that the relative lack of enthusiasm was largely due to the fear that the measure would foster more or less sterile, "make work" activities.

It is only fair to add that, when making such comments and when casting their ballots, many of our members had probably not had the benefit of reading the text of the bill or the testimony given to this committee by Senator Hartke. The Commission on Legislation applauds the intention of the sponsor to limit the programs eligible for Federal support to activities of genuine educational value.

Nevertheless, we believe that further thought should be given to the need of insuring, either through the language of the act or through the agreements to be made between the Commissioner of Education and participating institutions, that this provision cannot be employed to support activities going beyond the intentions of the Congress. It occurs to us, for example, that as teaching interns or teacher aids are, very reasonably, suggested by the Senator as suitable beneficiaries of a subsidized program, it would be well to make sure that it cannot be

stretched to cover payments to students for practice teaching which forms a regular part of their training as teachers.

Senator MORSE. I would like to interrupt there if you will permit, Father.

We must be careful, under the work-study program, that we just don't develop programs which would pay them for performing their own jobs.

Father BUNN. That is right.

Senator MORSE. We could do the student harm if we just gave him a useless job to enable him to draw a check. I think that what that would do to his sense of values would be shocking. He would be getting a handout. It is almost a form of deception. It certainly must be guarded against, of course, and it is not contemplated by the proposal.

What Senator Hartke has in mind and what I have in mind, as do the rest of the members on the subcommittee who support the student aid program, is that the bill should be of assistance both to the student and to the institution. It will provide funds through the student paycheck method to make possible the performance of certain work which is needed to be done but now can't be done in the institution.

I will take just a second or two to give an account of my latest experience with this type of need. Last Monday I spent 3 hours at Oklahoma State University visiting a great facility out there—the school of veterinary medicine. It is developing a large program through funds received from the National Health Institute for a fine protein research program. There is much need for research in the field of proteins, in the animal world for application to the human world on the basis of findings to be developed.

There are many research studies, about which the veterinarians talked to me last Monday afternoon, which need to be done, but which, with their present staff of professors and instructors, they cannot possibly do.

I said, "Now, Doctor, you mean to tell me a first-year veterinary student can be of assistance in conducting these studies?"

He said, "Every hour of his time we can get," because in all of these major research studies there is so much detail work that has to be performed that need not necessarily be performed by the scientist himself but which can be done by a helper.

Father BUNN. That is right.

Senator MORSE. It can be done easily by a student aide. The student aide, however, is going to be getting a supplement to his education as he works alongside of the scientist. But now they simply can't even start these projects. They can't undertake these experiments because the professor himself just hasn't the time to do all of the detailed work which goes along with the experiment. He does have enough time to direct it, and to leave instructions as to—I am not a scientist but to describe my meaning I shall say—the mechanical work to be done in the laboratory, in the feedlot, or in the small animal room in the veterinary hospital, in the keeping of records, in the injection of serum, or in the mixing of the feed. There is no reason in the world why that can't be done by a student who is preparing to be a veterinarian.

You can find that situation, in my judgment, in institution after institution, where there are a large number of jobs which can be

provided through a work-study program such as that Senator Hartke has in mind in S. 2490 and which I endorse as an aid that will help the institution as well as the student.

Again I am so glad that you filed your caveat in this paper, to warn that we must not make the work-study program a handout program, but make sure that it is actually a work program that is related to the academic pursuits of the institution.

You may proceed.

Father BUNN. We are also inclined to wonder whether 15 hours a week may not be too high a maximum for subsidized employment under the act. We suspect that some students now spend even longer hours on jobs that are academically profitless. But we should be sorry to see the Federal Government encouraging students to divert to paid employment, no matter how beneficial in itself, in time and energy they should be spending in strictly academic pursuits.

I am sure the committee will understand that, in voicing these concerns and reservations, the commission on legislation has no wish to detract from the solid support expressed by the membership of the association for the essential features of S. 2490. Our colleges owe a debt of gratitude to Senator Hartke and his cosponsors for promoting this imaginative and comprehensive attack on the problem of student aid, and to your committee for allowing us to offer our comments. Our only aim is to furnish the Congress with all the help in our power in devising the most satisfactory possible enactment. For this, we shall remain at your service.

I am deeply grateful for your gracious reception.

Senator MORSE. Father Bunn, I appreciate the testimony. I have been called to the State Department so I am going to leave you in the good care of Senator Yarborough and Senator Hartke for any questions they may wish to ask.

Thank you very much.

Senator YARBOROUGH (presiding pro tempore). Dr. Bunn, I am certain that you have heard the points which were raised against the Ribicoff amendment such as that it was a reduction in income taxes; that this was merely a way to pass on to the Federal Government the cost of enrolling in colleges; and that colleges would increase their matriculation fees, enrollment fees of tuition by whatever amount the parent got credit for on his income tax returns.

I am hopeful that with the passage of the Hartke bill which I strongly support, that the members of the Association of American Colleges, which represents 90 percent of all undergraduate institutions, will not take that fact for a mandate to increase tuition on the theory that the student is better able to pay because of the increased Federal aid.

If we do it it will defeat the purpose of this act which I take it is to enable students to get into college who have good minds as shown by their lives up to that time and their achievements, but who don't have money to get into college.

I think the percentage of 50 percent which we have reached now—that the students bear 50 percent of the cost of higher education—is enough. That percentage should never increase: we should try to roll it back. I hope the members in their meetings and discussions of the Association of American Colleges will consider that if this bill passes, may I repeat again, not consider it a mandate to raise

the fees because they are going to get more money from the Federal Government.

Father BUNN. I think in general the colleges are most reluctant to raise tuition and raise fees, because it is a bad human relations program with regard to both parents and students. They are generally most reluctant. They have got to be forced to it.

We only raise tuition when the ratio between the cost of education and what tuition supplies gets so broad that we can't get enough money on the outside to run the institution.

Senator YARBOROUGH. I realize that the rising cost of living, the rising cost of everything, the cost of practically everything in America has been going up.

Father BUNN. Yes.

Senator YARBOROUGH. But I believe this is correct, isn't it, that in the past 10 years averaging out over the whole Nation, the fees, tuition, and enrollment charges in institutions of higher learning, the private colleges and the publicly supported colleges, have doubled.

They have different rates of fees but I believe the average over the country has doubled in the past 10 years, has it not?

Father BUNN. I would say in the past maybe 14 years it has doubled, yes.

Senator YARBOROUGH. I know we had a double showing in some relatively short period of time.

Father BUNN. Yes. It is more in the last 10 or the last 8 years that the colleges have realized they simply must, I mean for salaries, for instance professors' salaries, the increase in the number of professors and so forth, they were forced, because that ratio between the cost and what tuition provided got broader and broader and broader, and they started every type of thing to try to supplement it but you couldn't supplement beyond a certain point.

Senator YARBOROUGH. I realize that you and administrators like you have a problem too. Within these postwar years you have a type of competition for the services of your professors that you didn't formerly have, that private industry is hiring even anthropologists, sociologists and people like that whom they formerly didn't employ, to advise them on major personnel policies and practices.

Father BUNN. Right.

Senator YARBOROUGH. The colleges now have competition not only for their scientific teachers but across the whole spectrum of college endeavor, private industry and business competing with you for the services of your trained, of your highly trained personnel. I want to thank you for taking the time to come here to support this effort for higher education.

The author of the bill, Senator Hartke, has joined us here.

Father BUNN. As I said before, I was surprised at the amount of time you must have spent in study. It is very encouraging to the educators to find our statesmen, our people in Congress who would go to all of that effort and trouble of investigating in detail as you have on this bill.

Senator HARTKE. I want to thank you, Father Bunn. You know one part of your statement I think is very appropriate. This is the question about closing the gap in regard to the scholarship aid. I think you are right. The fact of the matter is, and I think this applies not alone in the field of education but to most activities of the

Government, hopefully as much of the financial burden as possible should be taken care of by private individuals as the desirable way. In my opinion the closer you could keep it to the people the better you are, that is on a local level, on a State level. But so frequently in so many of these things the unfortunate result is that it is not done by the private people.

Father BUNN. That is right.

Senator HARTKE. There is a great deal of wailing, breast-beating.

Father BUNN. That is right.

Senator HARTKE. And pious words.

Father BUNN. It is almost extracting it.

Senator HARTKE. This is right. And the ultimate question is not really the source of the assistance, but the ultimate need is that the job get done.

Father BUNN. Right.

Senator HARTKE. Training and educating these children.

Father BUNN. That is right.

Senator HARTKE. I certainly would not want to be a party in any way in eliminating this source of funds from private and State groups. I hope you understand that.

Father BUNN. We certainly do. We understand that.

Senator HARTKE. One other statement I think is very important, and that is the statement that you are talking about the so-called blurring between the scholarship assistance and—

Father BUNN. Loans forgiveness.

Senator HARTKE. And forgiveness. I couldn't agree with you more. The fact of the matter is in this whole field again I think there is great danger unless there is careful administration of the program. To this extent I think in some way we have to indoctrinate the administrators to make it very clear on the personal levels of these people exactly what type of assistance it is intended they receive and exactly what purposes it is intended to have. I talked to Dean Munro yesterday from Harvard in regard to this work-study program. Here again there is much more to this whole program of how a person's education is paid for than merely footing the bill.

There is the development of an individual and his personality in this whole field. I think this is what you are speaking about.

Father BUNN. That is right.

Senator HARTKE. I hope that in some way we don't lose sight of trying to go through the mechanics of trying to provide an education for our young people.

Father BUNN. I don't think your bill does.

Senator HARTKE. Thank you. I appreciate your testimony, sir.

Senator YARBOROUGH. We have a statement here from Mr. Charles W. Bliven, executive secretary of the American Association of Colleges of Pharmacy, transmitted under date of March 13, 1964, in support of S. 2490, the Higher Education Student Assistance Act of 1965 introduced by Senator Hartke. This letter of transmittal points out that the American Association of Colleges of Pharmacy did support the loan provisions of S. 911 and H.R. 12, the Health Professions Educational Assistance Act of 1963, Public Law 88-129, and states that the Association of Colleges of Pharmacy sought unsuccessfully to have students of pharmacy included in that legislation, that is the Health Professions Educational Assistance Act of 1963, and they

request that their statement here, this statement of the American Association of Colleges of Pharmacy, representing 76 schools and colleges of pharmacy be placed in the record.

I direct that this statement of the American Association of Colleges of Pharmacy be placed in the record at this point.

(The statement referred to follows:)

PREPARED STATEMENT OF THE AMERICAN ASSOCIATION OF COLLEGES OF PHARMACY

The membership of the American Association of Colleges of Pharmacy consists of 76 schools and colleges of pharmacy; 75 of our member schools are located in 44 States and the District of Columbia. All of them are nationally accredited. Approximately 1,100 teachers are engaged in the instruction of some 10,291 undergraduate and 1,330 graduate students enrolled in our schools.

The curriculum leading to the undergraduate professional degree has required 4 years since 1932, and a minimum of 5 years since September 1960. Two of our member schools offer only a 6-year curriculum, and two others offer this longer program on an optional basis. In the 5-year program a minimum of 3 years of work in the professional subjects is required in addition to a 2-year basic science program. In the 6-year curriculum, at least 4 years are mandatory beyond the 2 years of science.

The objective of the American Association of Colleges of Pharmacy is the promotion of education and research within the member institutions. Our association is a nonprofit organization.

The association supports S. 2490, which would make increased financial assistance available to undergraduate and to graduate students through loans, scholarships, and a work-study program. These programs would provide additional sources of financial aid to students of pharmacy.

Our member colleges have the responsibility of graduating an adequate number of pharmacists at both the undergraduate and graduate levels to meet not only the replacement needs of the profession but also the demands of our rapidly expanding area of the health sciences. A rather constant pharmacist-to-population ratio of 67 to 100,000 has existed from at least 1920 until recently. If this ratio is used in the projection of manpower needs, schools of pharmacy will need to produce annually during the period 1965-70 twice as many students as are currently being graduated; during 1970-75 the average annual number of graduates must be increased by 15 percent over 1965-70 if the ratio is to be maintained.

The 67 to 100,000 ratio is based on the 1960 population of 180 million and 120,000 pharmacists. Information compiled recently by the U.S. Public Health Service¹ shows that as of 1962 there were 123,997 licensed pharmacists residing in the State of registry. On the basis of this figure and a population of 188 million, the current pharmacist-population ratio is 65.9 to 100,000.

Approximately 90 percent of our professional personnel are practicing in the community pharmacies throughout the country. The remaining 10 percent are engaged in the many other areas of the profession: in the pharmacies of our hospitals; in the control, research, or product development laboratories of the manufacturing plants; as medical service representatives to the physicians; in our educational programs; in government; and in the Armed Forces. The schools of pharmacy are making every effort to respond to the demands for personnel from all of these public health areas. The educational program in pharmacy provides our graduates with an excellent background in the basic sciences as well as in the professional courses. For this reason allied health fields are utilizing an increasing number of our graduates. To provide an adequate number of pharmacists for the profession and for the allied health fields, our schools and colleges of pharmacy need financial assistance beyond that currently available. The Health Professions Educational Assistance Act of 1963 (Public Law 88-129) makes schools of pharmacy eligible for grants for the construction of teaching facilities but excludes students of pharmacy from the student loan provision. Thus undergraduate students of pharmacy are dependent upon the same sources of financial aid as other undergraduate students.

There is an increasing need for financial aid to students in order that pharmacy can continue to supply the essential number of well-qualified graduates. The increased possibility of financial aid offered through the programs of S. 2490 could have a salutary effect on the number of students undertaking the study of

¹ Peterson, P. Q. and Pennell, M. Y.: "Health Manpower Source Book 15, Pharmacists," PHS Publication No. 263, sec. 15, p. 3, U.S. Government Printing Office, Washington, D.C.

pharmacy through the encouragement it will offer to students to undertake studies beyond high school.

Two sources of funds through pharmacy foundations are now available to our students. The American Foundation for Pharmaceutical Education makes available \$600 annually to each school for scholarship purposes. Since 1942, \$250,000 has been awarded to 2,332 students. Since 1957, the John W. Dargavel Foundation, founded by the National Association of Retail Druggists, has made 964 loans totaling \$294,000 to pharmacy students. During the 1961-62 academic year, 247 loans averaging \$295 were made. Currently, loans are limited to \$350 a semester, but qualified students may receive two such loans during the year. While these funds are most helpful they cannot meet the full need for funds. Even with these and other sources, almost a half of the deans of our schools report an unmet need for financial aid among their students, and it is estimated that 10 percent of the students in the schools in question are eligible for financial assistance on the basis of need but have been unable to obtain the loan funds they desire for educational purposes.

An increased number of well-qualified students is essential, not only in the undergraduate curriculum, but also in the graduate programs where our future teachers and research personnel are trained. The excellent graduate programs developed by many of our schools are a vital part of the educational program for pharmacy.

A survey conducted in September 1963, after the school year had begun, showed that there was a shortage of 83 teachers in 72 continental schools; 23 schools lacked 2 or more teachers. The need for the academic year 1963-64 is approximately 110 teachers. With approximately 100 new doctor of philosophy graduates available by September 1964 (the number of graduates in 1962-63) and with about one-half of this number taking positions in industry, a shortage of teachers will prevail again next year.

The need for increased manpower in the health professions has been stressed on many occasions. The Report of the Surgeon General's Consultant Group on Medical Education: Physicians for a Growing America states that "Physicians cannot carry their load of responsibility without competent and well-trained teammates and associates. There is increasing recognition of the interrelated responsibility of health workers with a variety of skills and educational preparation. * * * There are shortages of trained people in practically every one of the many professional and technical careers in the health field. Intensive recruitment of young people for these many essential health services, including medicine, is imperative."

As additional emphasis on the need for health manpower, the Report to the Surgeon General: Second National Conference on Public Health Training, August 19-22, 1963, states:

"The population of the United States is expected to increase by approximately 35 million persons during the current decade, with the highest increases among the groups which are the highest utilizers of health services—children under 9 years and persons 65 years of age and over. The population profile is characterized further by a relative contraction in the proportion of individuals between the ages of 20 and 64 years—a fact of special significance since most professional and technical services are provided by individuals in these age groups. All of these factors were considered to have implications for public health programs and resulting manpower requirements."

Thus, in view of the need for manpower in health professions now and in the years ahead, it is essential that the youth of our Nation, who have the desire and the ability to undertake work at the college level, be given every opportunity to utilize their full potential regardless of their financial means.

Often the opportunity to "get started" when the desire exists is a determining factor in whether or not a young man or woman undertakes work beyond high school. The programs provided by S. 2490 would aid in this respect through undergraduate scholarships and through loan insurance. However, it would be highly desirable to increase the number of scholarships available, particularly during the first 2 years of study, to those in financial need but who are capable of doing satisfactory college work. Upon the completion of at least 2 years of college, students often are in a better position scholastically to take advantage of National Defense Education Act or commercial loan programs, or to assume employment either under the proposed work-study program or outside the university.

The success of the national defense education program has been proven; the need now appears to be the increased availability of funds as provided for by S. 2490 to increase its usefulness to those who need financial assistance for the

pursuit of their educational program. The extension of the loan preference to college and university teachers, and the increase in annual loan limits and total limitations, are desirable changes for those cases where the need exists.

In addition to aiding students in financial need, the work-study program as proposed in S. 2490 will serve as a possible medium for interesting capable students in financial need to undertake graduate studies and thus become prospective teachers. This will be true especially in those cases where students are employed as research assistants and have the opportunity to be stimulated by their association with teachers and other research personnel. Too, the program will supply much needed personnel at the technician's level for the expanding research programs in our schools and universities. While the latter is not a primary function of the program, it is a "dividend" of value to education as a whole.

Senator YARBOROUGH. This subcommittee stands in recess until 9 a.m. March 25.

(Whereupon, at 10:05 a.m., the subcommittee was recessed, to reconvene at 9 a.m., Wednesday, March 25, 1964.)

COLLEGE STUDENT AID LEGISLATION

WEDNESDAY, MARCH 25, 1964

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION,
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 9 a.m., in room 4232, New Senate Office Building, Senator Wayne Morse (chairman of the subcommittee) presiding.

Present: Senators Morse (presiding), Yarborough, and Javits.

Committee staff members present: Stewart E. McClure, chief clerk; John S. Forsythe, general counsel; Charles Lee, professional staff member of the subcommittee; and Michael J. Bernstein, minority counsel of the full committee.

Senator MORSE. The hearing will come to order.

Senator Harrison Williams of New Jersey had planned to be with us this morning to testify on S. 2490. He wrote me however on March 19 indicating that his plans had to be changed. In his letter he asked, however, that his statement be accepted by the subcommittee and placed in the hearings record. I am most pleased to accede to that request and therefore, without objection, I direct that Senator Williams' letter and testimony on the bill be printed at this point in the hearings record.

STATEMENT OF SENATOR HARRISON A. WILLIAMS, JR., A U.S. SENATOR FROM THE STATE OF NEW JERSEY

Senator WILLIAMS. Mr. Chairman, as a sponsor of the administration's comprehensive education program, I appreciate this opportunity to express my support for S. 2490, the Higher Education Student Assistance Act of 1964, introduced by Senator Hartke of Indiana, which improves and expands several key provisions of the administration's bill, S. 580.

It is certainly not necessary for me to discuss at any length the crisis we face in higher education. The members of this subcommittee know all too well the need for action at all levels of our educational system if we are to have the trained manpower our Nation will require in the perilous years ahead. Both the quantity and the quality of education available to our youth, as well as those of our citizens who are educationally deprived, are cause for deep concern.

While we can be proud of the progress made last session in this area, with enactment of the Higher Education Facilities Act, we must now move ahead to finish the job.

Our needs in higher education are twofold, and in S. 2490 we have the opportunity to attack the other half of the problem by providing

the financial assistance so desperately needed by thousands of young people if they are to obtain a college education. We have provided a program for the bricks and mortar. We should now make sure that our talented young people, from whatever income level or station in life, will be able to take advantage of the classrooms, laboratories, and libraries that will be built.

Mr. Chairman, we Americans have always sought to provide an educational climate and the educational opportunities to enable each individual to develop his talents and capabilities to the fullest extent. This is no longer just a matter of fulfilling a fine American dream—it is vital to our national security, the future health and growth of our economy. Today our complicated world demands increasingly complex skills and knowledge of everyone, whether they work in factories manufacturing railroad cars or in laboratories developing new metallurgical alloys for our space exploration vehicles. It is in our national interest to see that every talented high school graduate has a chance for a higher education, but the bitter truth is that we are dangerously far from achieving this goal.

It is appalling to realize that more than 400,000 high school seniors who graduated in the upper half of their classes in June 1961 failed to enter college. Of this number, 200,000 ranked in the upper 30 percent of their class, and of these one-third to one-half failed to go on to college principally because of lack of finances.

When we consider that the cost of attending college today is between \$1,480 and \$2,240, while annual median family income is only \$5,700, it is obvious that many middle-income families feel a serious economic pinch in financing their children's higher education. But the crushing burden is clearly on lower income families.

The President's Council of Economic Advisers states that there are 9.3 million poverty-stricken families in the United States, meaning that they have incomes of less than \$3,000. It is precisely the children of these low-income families who frequently find they cannot keep up with the mainstream of American life, who drop out of school and eventually become burdens to society. They are the ones who need help the most if we are to break the cycle of poverty that transmits itself from generation to generation. They constitute the greatest failure of our educational system, the greatest loss to the Nation.

I think of the assistance we seek to provide not as a type of Government subsidy or a welfare program, but as an essential investment in conservation. We have Federal programs to protect our land and beaches from erosion, to assure the supply and purity of our water, and a continuing harvest of timber. We need a conservation program for the most priceless of our resources—our youth. Without some educational assistance the talents and knowledge, the potential contributions of these human resources will be lost to us just as inevitably as sand washed out to sea. We can dredge the ocean floor to retrieve the sand and replenish our beaches. But we cannot bring back the lost years of gifted young people who never got to college.

In S. 2490 we have proposals which could open college doors to the talented but needy young people who should be the teachers, scientists, leaders of industry and government, the educated citizens of tomorrow. The proposed expansion of the National Defense Education Act loan program, the student loan insurance program and the work-study program are similar to provisions in President Kennedy's omnibus education bill, and I think they represent real improvements.

But in my judgment, a scholarship program is the heart of the effort to provide adequate student financial aid.

A study issued last year by the American Council on Education, "Financial Aid to the Undergraduate," concluded that " * * * the available financial aids go to the socially and economically favored segment of the population." So it is precisely the students who need aid the most who do not now receive it. The answer for this vast group of talented but needy young people is clearly a scholarship program.

In making it possible for more young people from low-income families to obtain a college education we would not only be serving the needs of these individuals. At the same time we would offer encouragement and hope that would act as a stimulus for more and better education, reaching downward to the elementary schools. We would help the effort to eliminate poverty by raising the income potential of young people now doomed to the impoverished existence of their parents. We would be developing the vast reservoir of wasted talent so essential to our Nation.

Mr. Chairman, for this reason I would like to submit in the near future some new proposals for the consideration of the committee.

I plan to propose an expanded student scholarship proposal that is truly commensurate with our needs.

As the distinguished Commissioner of Education, Mr. Francis Keppel, testified before this committee on February 20:

Each year more than 100,000 high school graduates with high aptitudes and interest in college fail to continue their education because of financial inability

Mr. Chairman, I plan to propose a scholarship program that will meet that need, and which in later years would help relieve some of the crushing burden that many families face in sending their children to college.

We have not only a problem of young people who are absolutely unable to go to college because of financial inability, we have many students who are going to college—but only through extreme self-sacrifice on the part of their parents.

As the vote on Senator Ribicoff's college tax credit amendment to the tax bill clearly indicated, a large number of Senators feel very strongly that we must do something to help alleviate the financial burdens of higher education. I do, too, and the proposal I plan to make will help ease the most pressing of these burdens.

I know there has been resistance to a scholarship program on the part of Congress in the past. But I think this attitude is changing, and I see no reason for starting off trying to pass less of a scholarship program than is needed.

Also I think further consideration should be given to improving the loan guarantee program envisioned in S. 2490, to make sure that it is fully able to do the job intended.

A loan guarantee program is clearly needed, for, as Mr. Keppel said, even families of upper middle income with several college age children "are finding it increasingly difficult to meet the costs of multiple college tuitions out of current income."

And in referring to students of low-income families, Mr. Keppel noted that there is frequently a psychological "peril point" of indebtedness that they are willing to assume for the sake of higher education.

I think the problem of a "peril point" applies to a good many middle-income families as well. And one of the chief ingredients of the problem is the interest rate that must be paid on guaranteed commercial loans to students, which is especially critical during the years the student is in college.

I hope to offer some proposals which might help with this problem.

In conclusion, let me just express my deepest hope that the committee and Congress will act this year to provide some real assistance in meeting the financial problems facing students seeking higher education. It is truly an urgent need.

Senator MORSE. I also direct that at this point there be printed a communication to the subcommittee, under date of March 20, 1964, signed by Mr. William F. McKenna, general counsel, on behalf of the position on the bill of the National League of Insured Savings Institutions.

(The letter referred to above follows:)

NATIONAL LEAGUE OF INSURED SAVINGS ASSOCIATIONS,
Washington, D.C., March 20, 1964.

Hon. WAYNE MORSE,
Chairman, Subcommittee on Education, Committee on Labor and Public Welfare,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: On behalf of the National League of Insured Savings Associations, a nationwide trade association servicing the savings and loan industry, we wish to commend to the favorable consideration of the subcommittee that portion of S. 2490, the Higher Education Student Assistance Act of 1965 that includes savings and loan associations in the category of eligible lenders under the proposed loan insurance program. Section 221(b) of the National Defense Education Act of 1958, as proposed to be added by section 3 of the bill defines an "eligible lender" as "an institution of higher education, or a financial or credit institution (including an insurance company) which is subject to examination and supervision by an agency of the United States or of any State." Our membership includes only savings and loan associations that would be encompassed within this definition.

The national league has already testified to the House Committee on Banking and Currency on October 11, 1963, in favor of a provision in H.R. 8245, that would permit Federal savings and loan associations to make loans in the educational field. This demonstrates the active interest of our members in taking part in the general type of lending activity envisioned by the loan insurance program set forth in S. 2490.

The basic authority for operations of Federal savings and loan associations is found in the Home Owners' Loan Act of 1933, as amended. In the field of educational loans, H.R. 8245 would add a new paragraph to section 5(c) of that act to read as follows:

"Without regard to any other provision of this subsection, any such association is authorized to invest in loans, obligations, and advances of credit (all of which are hereinafter referred to as "loans") made for the payment of expenses of college or university education, but no association shall make any investment in loans under this paragraph if the principal amount of its investment in such loans, exclusive of any investment which is or which at the time of its making was otherwise authorized, would thereupon exceed 5 percent of its assets."

Testifying in support of this proposed express grant of power, Mr. Arthur H. Courshon, chairman of the legislative committee of the national league, said in part:

"In the operation of our savings and loan associations, we have observed that a homeowner will refinance the mortgage loan on his home to help finance the education of his children. It is our expectation that the demand for funds for this purpose will rise in the years ahead, not only due to the expansion in the Nation's college student population but unfortunately also because of the rising cost of education. With Congress confronted with increased demand for Federal aid to education, we think it makes good common sense for Congress to authorize Federal associations to participate on a limited basis in this program, particularly since we are already engaged in this activity to a certain extent; and certainly since State-chartered savings associations in some jurisdictions already are permitted to

make loans of this type." (Hearings entitled "Increased Flexibility for Financial Institutions" before the House Committee on Banking and Currency during the period from September 23 through December 13, 1963, p. 789.)

In prefacing his remarks, Mr. Courshon noted:

"In connection with the operations of Federal savings and loan associations, the Administration apparently feels that it would be advisable to limit consumer financing by Federal associations to areas closely related to the home financing field, in which these associations are primarily experienced. It therefore has reached a conclusion in opposition to any authority for Federal associations to make student loans for the payment of expenses of college or university education" (idem, p. 789).

As one result of this series of hearings, the House Committee on Banking and Currency reported favorably a clean bill, H.R. 9609, which would expand investment powers of Federal savings and loan associations in the fields of municipal obligations and mobile homes, but which did not include the provision requested by the national league to recognize expressly the authority of Federal savings and loan associations to make student loans for payment of expenses of higher education. H.R. 9609 passed the House of Representatives on February 17, 1964, and is now pending before the Senate Committee on Banking and Currency. Hearings on that bill began before the Subcommittee on Financial Institutions on March 4, 1964, and have presently been recessed subject to the call of Chairman A. Willis Robertson.

On December 31, 1963, Federal savings and loan associations had total assets of almost \$56.4 billion. (Source: Selected Financial Data, FSLIC Insured Savings and Loan Associations, table 3—Federal Home Loan Bank Board) H.R. 8245 would have expressly authorized up to \$2.8 billion of that amount to be loaned to students for higher education.

The national league adheres to its position that expressly granting such authority to Federal savings and loan associations would be in the public interest and would be particularly helpful in increasing the potential sources of loans for students seeking financing for higher education.

The Congress is the appropriate body to grant such express authority to Federal savings and loan associations, which are federally chartered institutions that look to the Congress for their operative powers. In adopting S. 2490 in its present form, the Congress would be expressly approving the participation of Federal savings and loan associations in the proposed student loan insurance program. It would seem entirely logical for the same Congress to clarify the authority of Federal savings and loan associations to make the type of educational loans that would enable them to take part in the loan insurance. It would be very helpful if your subcommittee would handle this problem by adding to S. 2490 a provision along the lines of that quoted above from H.R. 8245.

While S. 2490 would also approve State-chartered savings and loan associations as eligible lenders, it is presumed that such associations must look to their State-granted charter powers in order to determine whether they can take part in the proposed program. As noted in Mr. Courshon's testimony to the House Committee on Banking and Currency, it is understood that some State-chartered savings and loan associations already possess the power to make loans to students for the purpose of obtaining higher education.

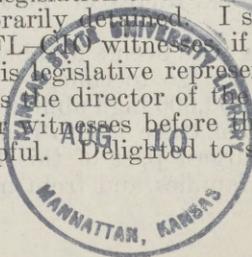
The opportunity to present these views to the subcommittee is appreciated. It is hoped that they will receive favorable consideration.

It is respectfully requested that this communication be included in the record of hearings on S. 2490.

Sincerely,

WILLIAM F. McKENNA,
General Counsel.

Senator MORSE. Our first witness was to have been Mr. Andrew J. Biemiller, director of the Department of Legislation of the AFL-CIO, but I understand that he has been temporarily detained. I suggest, therefore, that we start with the other AFL-CIO witnesses, if that is satisfactory to them. Mr. Clinton Fair is legislative representative of the AFL-CIO. Mr. Lawrence Rogin is the director of the education department. They are very familiar witnesses before this subcommittee. You have always been helpful. Delighted to see you gentlemen again.



You may proceed in your own way.

Mr. FAIR. I see we are reinforced with Oregonians from the AFL-CIO this morning.

Senator MORSE. You are not reinforced, I am; by every delegation from Oregon. I told them about this meeting. They have been great supporters of our education program, and I want to acknowledge it. The building trades have never failed education in my State, or for that matter anywhere across the Nation. They recognize their responsibilities in citizen statesmanship by seeing to it that they do whatever they can to assure every young man and woman in this country who wants to go to college, and has the ability to go to college, an opportunity to do so.

That is what this bill, S. 2490, is all about. I think the passage of legislation such as this bill, which will provide the loan facilities in the work study program necessary for thousands and thousands of people, men and women, if they are going to go to college, is a must. I hope we can get it out before we adjourn this Congress. In any event I assure you we will complete these hearings and have a bill ready to act upon whenever we can sandwich it into the calendar for action.

You may proceed in your own way, gentlemen.

**STATEMENT OF CLINTON FAIR, LEGISLATIVE REPRESENTATIVE,
AFL-CIO, ACCOMPANIED BY LAWRENCE ROGIN, DIRECTOR OF
THE DEPARTMENT OF EDUCATION, AFL-CIO**

Mr. FAIR. Mr. Chairman, my name is Clinton Fair. I am legislative representative of the Department of Legislation of the AFL-CIO, and I appear before you on behalf of that organization. I am accompanied by Lawrence Rogin, the director of our education department.

We are pleased to support programs for student assistance for higher education, and we are appreciative of this opportunity to support and to make suggestions concerning the Higher Education Assistance Act of 1965, S. 2490, introduced by Senator Vance Hartke on behalf of himself and 20 other Members of the U.S. Senate.

This committee, the Senate and the Congress greatly benefited higher education in our country when they enacted the Higher Education Assistance Act of 1963. When in full effect, that legislation will do much to help institutions of higher education expand their facilities to meet the increased national need which will occur during the decade ahead.

It would be a serious mistake, however, to assume that with the passage of the Higher Education Facilities Act of 1963, all the problems of higher education were solved. We have provided aid for the institutions; there yet remains the problem of providing aid for the students.

There have been a number of studies made of the able young people who should go to college—but do not. One such study points out that, of 200,000 high ability seniors a year who fail to go on to college, one-half of these fail to continue for financial reasons.

The largest part of this loss to higher education comes from low income families and from minority groups.

Fewer of the brightest boys in lower income families attend college than is true of boys in the lowest IQ group among high income families.

Minority groups also lag far behind in higher education. In the 25- to 29-year age group, 12 percent of the white population has completed college, but only 5.4 percent of the Negro population. We believe that these differences arise from unequal opportunity rather than from unequal capacity. We share the view of the International Committee of Social Scientists, who, at a UNESCO conference in Paris, said in a joint statement:

Given similar degrees of cultural opportunity to realize their potentialities, the average achievement of the members of each ethnic group is about the same.

The fact that so many young people are unable to continue their education to the extent of their ability is, of course, a tragic fact in and of itself; yet the problem is the more serious in view of our national need for more and more people with education beyond high school.

The shortage of teachers has been estimated at around 200,000. The American Library Association estimates that we need more than 100,000 additional professional librarians to maintain minimal service in public school, and college libraries. The war on poverty will require the services of new thousands of professionally trained social workers. Declining enrollments in engineering and in many of the sciences threaten an impending manpower crisis in these vital fields.

It is therefore a matter of great national concern that we get into the universities more of the able young people who are now kept out by lack of financial ability.

The Higher Education Student Assistance Act is an intelligent many-sided attack upon this problem. It proposes a program of student loans, loan insurance, scholarships, and work-study. No one of these features of the bill would be in and of itself a sufficient solution.

Considering the great number of able young people who cannot now afford to enter college and considering the great national need for their potential services, the argument for an ambitious program of Federal scholarships seems to us most compelling. The \$37.5 million authorized for scholarships during the first year of this program should provide at least 50,000 scholarships. This would amount to nearly 5 percent of the freshman enrollment. This is a substantial step, the benefits of which would extend far beyond the 50,000 scholarship winners. Such a scholarship program would, above all, encourage many young people to hope for higher education. It can hold up a goal to students of high ability who may not think about going to college.

We are anxious that the benefits of any scholarship program be as widely distributed throughout the Nation as possible. One of the problems with scholarship competitions is that the winners tend to be concentrated in the best school districts.

We should like to suggest, as a step in wider distribution of the scholarships, that a somewhat different formula be incorporated into S. 2490. We would propose that some of the scholarships be awarded on a statewide basis, but that others of them be distributed on the basis of congressional districts. Our suggestion would be that 100 scholarships be allotted to each State to be awarded on a statewide basis. Allowing the 2 percent of the total number of scholarships as provided for in the bill for Puerto Rico, the Canal Zone, Guam,

American Samoa, and the Virgin Islands, there would remain approximately 44,000 scholarships. These we would distribute equally among the congressional districts. It would come to approximately 100 scholarships for each congressional district. Such a plan would, we believe, more widely distribute the scholarships, avoiding the tendency of concentrating them among a few of the best school districts.

No program of scholarships, however well conceived, can entirely solve this problem. Scholarships will help the students of exceptional ability. But we need also those students whose ability may not be so great, whose ability may be late in manifesting itself, or whose elementary and secondary education may have been inadequate. For such students the loan provisions of the Higher Education Student Assistance Act will be especially helpful.

The existing loan program of the National Defense Education Act is the most significant national effort being presently made in the direction of student aid. S. 2490 would enlarge this program by considerably increasing the available amount of money.

A student loan program has a number of attractive features. One of the most important of these is that the loans are not given out on a competitive basis. They enhance the opportunities for young people who do not have the brilliance to win scholarship competitions. In thinking about student aid we need to consider the problems of ordinary students as well as the problems of our most brilliant young minds. For the former group, loans have a special merit.

Senator MORSE. I want to break in there, because you have touched upon one of my, shall I say, "biases." A lot of people call their biases, "convictions," but I call all my convictions, "biases." I never want, however, to miss the opportunity to join with you in driving your point home.

What you have said really here is: We ought to take a look at the problem of the "C" student. The "C" student is not only the backbone of American education, he is the backbone of the American citizenry too. The increasing trend in education these days is to cut the "C" student out. How do we do it? Put yourself in the position of a college president or administrator. He has only so many classrooms. He has only limited facilities. How does he meet the problem, when there are more knocks at the door than he can grant an entrance to? He must raise the standards of the institution.

So there is a tendency, more and more, to permit only superior students to go to college. I say to the American people: "Watch out." I want superior students, and every superior student to go to college: but I want to stop the denying of a college education to the average student.

I taught for 21 years in college classrooms. In my judgment, the interest in the "C" student is of vital import to the citizenry of this country. It is very interesting to note what maturity does for the "C" student. Many students are "C" students only because they are not mature. Given 2 or 3 more years, and you will be surprised at what can occur in your measurement of their abilities.

But be that as it may, even if their abilities did not change, we still should send these "C" students to college. Because you are labor witnesses, I think it particularly appropriate for me to say at this point: "Do you know what you and I are talking about?" We are

talking about giving every young man and woman who has the intellectual potential to do passing work in college—which means the “C” student—the opportunity to go. We are talking about draining a pool of unemployability in this country. I am not talking about unemployment. We can handle unemployment. Unemployment is based upon the concept that the people unemployed are employable.

What is happening in the United States is that we are digging an ever deeper pool of unemployability by not giving the educational opportunities to people that must have them if they are to become employable.

Now, Mr. Fair, you are interested, and there are those others of the skilled trades in this room who are interested in terms of Public Law 88-210. They are not our immediate concern, except in the vocational education program. Through it we will see to it that their skills are developed. Vocational and apprenticeship training is their educational forte.

But if we do not do something about the school dropout, whether he be grade school, high school, or college, the American taxpayer will have to pay many, many times the cost that S. 2490 involves. I shall prove in a moment that the bill is not going to cost the taxpayer a cent if you look at it from a certain angle.

We all, however, are going to pay for the costs of unemployability in this country. You and I cannot stop automation, we cannot stop the hands of the clock of technical progress. Yet look at a couple of the vital statistics which I now give you. Two million jobs a year are disappearing in this country that were once held by unskilled and semiskilled workers. Two million jobs a year are not economic peanuts.

Where are these school dropouts going to go? I will tell you. We are throwing them into a pool of unemployability and we are drowning them economically.

We shall have to pay for this in terms of higher welfare funds, increased prison costs, unemployment benefits of longer duration. We are going to have to pay, and pay, and pay. But we should not have to pay, if we have the citizen statesmanship to see the objective you had in mind when you wrote this testimony.

I commend you for it. I will make only this point and then quit. We just cannot get away from the facts. If we let these young people drop from school and become unemployable we will be cheating the American people out of great wealth. When we are fighting for a student loan program or a scholarship program, which is a grant program, or when we are fighting for continuation facilities to make it possible for young people to go to college, we are only asking the American people for a longtime loan. It is not such a long-term loan, either. It is a loan which will not cost the taxpayer, in the long run, a dime. If we can get that fact—and it is a fact; I am going to prove it to you in a moment—if we can get that fact across to the American taxpayer, then much of the emotional opposition to Federal aid to education will evaporate.

I am speaking to you, and through you to the American people by way of the record hearing on this bill. The American people think that the GI education bills have cost them something. It has not really cost them a cent. There was a lot of opposition to them. I can remember when we fought for the GI bills. We had then the

opponents whom I consider to be false economizers crying to the high heavens that the poor American taxpayer could not pay the cost, the tremendous cost of the GI bills. We said then that it would not cost anything. It has not cost anything. It was in reality only a temporary loan by the American taxpayer to the ex-GI's. It was a temporary loan, really, by the American taxpayer to himself. The fact of the matter is that the increased earning power of the college graduate that received the benefit of the GI bill is now returning to the Treasury of the United States, in additional taxes beyond the amounts he would have been able to pay without a college education, far more than the cost of the GI bills, and far more than the American taxpayers paid to send him to college.

Let us look at these statistics, and I will close this whole speech. But you are responsible for it. You should not have had that paragraph about the GI bill in it, if you wanted to avoid my speech. But we have got to take every opportunity to drive the argument home.

I want you to take a look at these statistics. You know what the average lifetime earnings of the college graduate is? The statistics that have been presented time and time again to my subcommittee have never been successfully rebutted as to accuracy. In 1961, the estimated lifetime income of a college graduate was \$452,518. That is what he earns on the average in a lifetime from age 18 to death.

The average lifetime earnings of a high school graduate is in the neighborhood of \$272,000.

The average earnings of the high school dropout is somewhere in the neighborhood of \$235,000. The average lifetime earnings of the grade school dropout, if he has any at all—and with menial jobs disappearing at the rate of 2 million a year, this is increasingly questionable for the future—are somewhere in the neighborhood of \$151,000.

All one has to do is to look at the figures, in my judgment, to see the support for my contention that we are only asking for a loan, a taxpayers' loan to these young people, and to the taxpayer himself. Talk about a good investment! Talk to me about self interest; although I think there are values that are far beyond these dollar values. If you want to talk to me about the bill on the basis of pure materialism, the program proposed is justified. We have been fighting for education bills for years, and if I never accomplish anything further in my years in the Senate other than the passage of the Morse-Green higher education bill, I will be proud to have my descendants read that it was my contribution.

I would be perfectly willing to settle for that bill as my contribution for my years in the Senate. Because I know that through enactment of the Morse-Green higher education bill I have left opportunities for untold millions of American boys and girls in the years ahead to save themselves from being drowned economically in that pool of unemployability.

Pardon the speech, but, as I say, you are responsible for it, and I wanted to get it into the record.

I shall place in the hearing record at this point two tables entitled "Estimated Lifetime Income for Males by Years of School Completed in the United States, 1949, 1956, and 1961," and the "Annual Median Income for Males 25 Years of Age and Over, by Years of School

Completed in the United States, Selected Years, 1939 to 1961." I am going to put them in the record at this point, because you cannot read those hard, cold statistics, and rebut me.

Sometimes I can be rebutted with reasonable differences of opinion, but on this one I am still waiting for the rebuttal.

(The tables referred to follow:)

[Tables from "Digest of Educational Statistics," 1963 ed., pp. 99-100, U.S. Department of Health, Education and Welfare, Office of Education]

Estimated lifetime income for males, by years of school completed: United States, 1949, 1956, and 1961

Years of school completed	1949	1956 ¹	1961
Income, age 18 to death			
Elementary:			
Total.....	\$113,330	\$152,882	\$176,008
Less than 8 years.....	98,222	131,432	151,348
8 years.....	132,683	178,825	204,530
High school:			
1 to 3 years.....	152,068	201,784	234,960
4 years.....	185,279	244,102	272,629
College:			
1 to 3 years.....	209,282	278,130	333,581
4 years or more.....	296,377	372,693	452,518
Income from age 25 to 64			
Elementary:			
Total.....	\$91,932	\$125,404	\$145,519
Less than 8 years.....	79,654	107,132	124,930
8 years.....	106,889	146,059	168,810
High schools:			
1 to 3 years.....	121,943	166,212	193,082
4 years.....	148,649	199,463	224,417
College:			
1 to 3 years.....	173,166	232,317	273,049
4 years or more.....	241,427	310,597	360,604

¹ Data for 1956 have been revised since originally published.

Source: U.S. Department of Commerce, Bureau of the Census, "Statistical Abstract of the United States"; and unpublished data.

Annual mean income (or earnings)¹ for males 25 years of age and over, by years of school completed: United States, selected years, 1939 to 1961

Years of school completed	1939	1946	1949	1956 ²	1961
Elementary:					
Total.....	\$1,036	\$2,041	\$2,394	\$3,041	\$3,544
Less than 8 years ³	(4)	1,738	2,062	2,574	2,998
8 years.....	(4)	2,327	2,829	3,631	4,206
High school:					
1 to 3 years.....	1,379	2,449	3,226	4,367	5,161
4 years.....	1,661	2,939	3,784	5,183	5,946
College:					
1 to 3 years.....	1,931	3,654	4,423	5,997	7,348
4 years for more.....	2,607	4,527	6,179	7,877	9,817

¹ Data for 1939 are restricted to persons reporting \$1 or more of wage or salary income and less than \$50 of other income and to native white and Negro males 25 to 64 years old only. Data for 1946 represent total money earnings. Data for 1949, 1956, and 1961 represent total money income.

² Data for 1956 have been revised since originally published.

³ Includes persons reporting no years of school completed, not shown separately.

⁴ Information not available.

Source: U.S. Department of Commerce, Bureau of the Census, "Statistical Abstract of the United States" and unpublished data.

Senator MORSE. Please proceed, Mr. Fair.

Mr. FAIR. Another advantage of student loans is that since they are disbursed through the institutions of higher education, they tend to distribute students among all of the available schools, rather than to concentrate them in a few universities as has been the tendency with scholarship programs.

Not the least of the advantages of a loan program is its low cost. The money is repaid, except for a very negligible default and for the forgiveness of up to 50 percent of the loans for college graduates who go into teaching. A nominal public expenditure, therefore, makes it possible for a substantial number of young people to attend college.

As a matter of fact, the merits of the arguments for loans and the favorable experience so far with the National Defense Education Act loan program might almost make it seem that a larger loan program could be the whole answer to the need for student assistance. This is not the case.

The logic of student loans for higher education is largely based upon the established fact that the earning expectation for college graduates is substantially higher than for those who have not been to college. It is therefore reasonable to borrow now and pay back later out of the increased earnings.

The difficulty with this is that, although it is true in general, it is not necessarily true in particular. This has been recognized in the teacher forgiveness feature of the National Defense Education Act loans. Although teachers must have higher education, they do not share the general expectation regarding potential earnings for college graduates.

But teachers are not alone in this. The same argument applies with equal force to librarians and to social workers, two fields in which there is a serious shortage of professionally trained personnel.

The argument applies with greatest force of all to the Negroes. The average Negro college graduate earns less than the average white person with only 8 years of education.

This is a shocking statement. Shall we then extend the forgiveness feature to librarians, social workers, and Negroes, in fact to all graduates whose earnings do not measure up to average expectations? There may be some merit in such an idea, but at least until we are ready to do so, we will need something more than just a loan program. There is something fundamentally disturbing about starting young people out in life already heavily saddled with debt. But for some college students to do so would be financially dangerous.

There is another group of young people who are not really benefited by the loan program. These are the young people who come from moderate-income families. Both the scholarships and the loans available under S. 2490 are quite properly geared to student need. There is little assistance in those programs for students from middle-income families but who nevertheless find financing college education extremely difficult. A 4-year college education costs anywhere from \$6,000 to \$12,000, depending upon the institution. For most families this is a formidable undertaking, the largest single expenditure they ever make other than to buy a home.

Such families in many cases must finance the expenditure by borrowing, just as they finance the purchase of a home or an automobile. The shocking figures on the usurious interest charged on these educational

loans have been presented by Senator Hartke, and it underlines the need for the Federal program of loan guarantees included in the Higher Education Student Assistance Act. This program, low in cost, can be of great benefit to students who do not qualify for scholarships but whose family income is too high to qualify them for federally financed student loans.

The final feature of the Higher Education Student Assistance Act is a work-study program. This program will be of principal benefit to students who do not win scholarships but whose prospects for future earnings do not justify their going into substantial debt to complete school.

There is among the proposals in the administration's antipoverty program a work-study proposal for higher education. There are certain differences that merit attention. The poverty program provides a much smaller amount, \$72 million as opposed to \$250 million in S. 2490. The difference between the two figures is understandable in view of the fact that the poverty program proposal would limit work-study aid to students from low-income families, whereas S. 2490 would more generally limit work-study assistance to students who have need. We are here concerned about the thousands of young people whose families are not in poverty but who nevertheless need this kind of aid. We are concerned, as well we should be, with the children of our own AFL-CIO members. Our members are not poverty stricken, but most of them need a variety of aids to see their children through college. The work-study program proposed in S. 2490 will do much to get assistance to young people who need it the most.

All in all, then, we feel that the Higher Education Assistance Act provides many forms of student aid, no one of which is sufficient to meet the problem, but which all together will do much to open higher education's doors to those who now find them closed.

In closing, there are two matters not covered in the Higher Education Student Assistance Act which we would like to stress. For one thing, the AFL-CIO has on many occasions indicated its support for the so-called cold war GI education bill introduced by Senator Ralph Yarborough, of Texas. This bill, by offering opportunities for further education to those young people whose lives have been disrupted by the draft, seems to us a matter of simple justice. Our experience with the GI bills for World War II and the Korean war indicates that such an aid program will provide higher education for thousands of young people who would otherwise be deprived of it. We once again urge that this committee give favorable support to this bill as a fitting companion piece to the Higher Education Student Assistance Act.

A second and even more important matter deserves more than passing mention. The Fifth Constitutional Convention of the AFL-CIO said:

The time has come when education beyond the 12th grade should be the right of every young person. More than a century has passed since 12 years was set as the standard for free public education. Since that time, there has been a vast multiplication of knowledge and a greatly increased demand for higher levels of education. The 12th grade can no longer be accepted as the standard for a completed education. Free public education should be extended at least through the 14th year.

America has too often wasted too much of its valuable natural resources. We must no longer waste our human resources. These young people will mold our Nation's future. Helping these young people obtain a higher education today will prepare them for their role in the tomorrow; and this is the most prudent investment this Nation can make.

Senator MORSE. Mr. Fair, I am delighted with this testimony. It will be of great help to us in executive session. I shall want to look into the suggestions you have made with regard to some modification in the distribution of the scholarship program to permit allocation on the basis of congressional districts.

Later in the hour, the Senator from Texas will join me. I shall see to it that he knows of the support which you have given to his cold war GI bill, of which I am a cosponsor. My point of view is that the GI bill is the most democratic—with a small "d"—of all the educational bills now pending. I think that the opportunity that it will provide is so great that I am a little bit at a loss to understand why the administration has tended to look upon it with a jaundiced eye.

Sometimes, you know, you can be of greatest help to your administration by disagreeing with it. The Senator from Texas and I at least disagree with the timidity of the administration in not grasping the opportunity that the Yarborough cold war GI bill offers it. We hope that with your assistance, and by plugging away for it, that we may eventually obtain administration support for the Yarborough GI bill. That is all it needs. That is all it needs—just some administration support. I am doing my best to see to it that the President of the United States understands that is all that is needed.

I thank you very much.

Mr. FAIR. Thank you, Senator.

Senator MORSE. Mr. Rogin, do you have anything to add?

Mr. ROGIN. Nothing to add, no. Thank you.

Senator YARBOROUGH. Good morning.

Senator MORSE. I think the audience will agree that you owe me a cup of coffee. I just made a speech for you on the cold war GI bill.

Senator YARBOROUGH. I will respond with more than coffee.

Senator MORSE. I want you to read Mr. Fair's testimony in which he states the point that you and I have stated many times on the cold war GI bill.

Senator YARBOROUGH. Thank you, Senator. I thank you for conducting yourself in my behalf in my absence. We have had an investigation in the question of monopoly in the production of meat and manipulation of prices, a consideration that is very valuable to the Western States.

Senator MORSE. I explained that to them. In fact, you are going to have to take over at 10:10, because I have to be on the floor of the Senate to stop any unanimous consent requests for the meeting of committees.

Our next witness will be Dr. E. K. Fretwell, Jr., assistant commissioner for higher education of the New York State Department of Education, Albany, N.Y., representing the Association for Higher Education; and Dr. G. Kerry Smith, who is executive secretary for the Association for Higher Education.

I am delighted to welcome you here. You may proceed in your own way.

Senator YARBOROUGH. Mr. Chairman, before we go into the statements of these gentlemen, I have just read this statement that came from the statement of Mr. Andrew J. Biemiller, with reference to the GI bill, and I want to commend him and commend the organization he represents for continuing their fight in this matter of justice. The AFL-CIO has been engaged in this fight, supporting this act of justice while many other organizations that should be in the forefront have sat on the sidelines and twiddled their thumbs. It is encouraging to see that there is one organization in the country that will fight for this act of justice for their own organization.

The GI bills have been stated often. The reason that bill has not passed is that these cold war veterans are in such weak economic circumstances that they are unorganized—labor is organized, education is organized—the veterans are organized to seek pensions, but they are not organized to seek an education.

Thank you, Mr. Chairman.

Senator MORSE. I completely agree with you.

Mr. Fretwell, you may proceed.

STATEMENT OF DR. E. K. FRETWELL, JR., ASSISTANT COMMISSIONER FOR HIGHER EDUCATION, NEW YORK STATE EDUCATION DEPARTMENT, REPRESENTING THE ASSOCIATION FOR HIGHER EDUCATION OF THE NATIONAL EDUCATION ASSOCIATION; ACCOMPANIED BY G. KERRY SMITH, EXECUTIVE SECRETARY, ASSOCIATION FOR HIGHER EDUCATION

Dr. FRETWELL. Mr. Chairman and members of the subcommittee, my name is E. K. Fretwell, Jr., assistant commissioner for higher education, New York State Education Department. My colleague is Dr. G. Kerry Smith, executive secretary, Association for Higher Education.

The Association for Higher Education which I represent today welcomes this opportunity to testify on S. 2490 as introduced by Senator Hartke.

As the members of this important subcommittee probably know, the Association for Higher Education is composed of individuals engaged in college and university work. Our membership is over 19,500 in more than 1,600 colleges and universities, both publicly and privately supported, located in every State in the Nation. Our membership consists of administrative officers and of faculty members from most of the academic and professional fields.

The Association for Higher Education gives hearty support to the overall purposes and general approach of S. 2490. On May 15, 1963, Dean H. T. Morse of the University of Minnesota, now president of the AHE, appeared before this subcommittee and testified in favor of the general approach of what is essentially embodied in parts A (National Defense Education Act loans), C (insured loans), and D (work-study programs) of title II of this bill. These sections were originally introduced as part of the National Education Improvement Act of 1963 (S. 580). This bill was supported in principle by the Association for Higher Education, as well as most other organizations of higher education.

The new provision for scholarships, part B of title II, is one which the association strongly supports. On a number of occasions, representatives of the association have appeared before this subcommittee to urge the importance of enacting a Federal scholarship program.

Since 1945 the Association for Higher Education has been on record as favoring the enactment of legislation to institute a federally supported scholarship program. At the 1960 National Conference on Higher Education we went on record further to this effect.

I am enthusiastic about S. 2490, both in terms of its philosophy and several specific provisions. Along with many others in higher education, I am firmly convinced that a well-rounded and widely available program of student financial assistance makes excellent sense. By combining resources of scholarship aid, loans, and self-help through work-study plans, available funds are made to serve more students. In addition, the individual student—through wise advice from his high school counselor and college financial aid officers—can develop for himself a tailor-made aid “package” suited to his particular needs and based upon his own relative ability to pay the total charges, drawing upon whatever savings or help, if any, from his family may be available to him.

Acceptance of the student loan idea, incidentally, has grown markedly over the past 5 or 6 years. The idea of higher education as a prudent and productive type of investment in one's self has caught on. I was glad to hear Senator Morse's comments to this effect earlier. And I agree heartily. In the State of New York, for example, which I know best, the number of guaranteed student loans under our own State program has increased almost fourfold from September 1960 to the same month of 1963. From the inception of the New York program in June 1958 until December 1963, more than 100,000 student loans have been made, aggregating approximately \$80 million. And this has happened at the same time as student loans under the National Defense Education Act have grown remarkably in both number and amount of dollars. Federal and State and, for that matter, institutional programs have marched forward together.

By way of illustration, only three States—Maine, Massachusetts, and New York—had established loan guarantee programs at the time of the initiation of the National Defense Education Act loan program.

Now, seven additional States have established similar programs—Connecticut, Michigan, New Hampshire, New Jersey, Ohio, Rhode Island, and Virginia. Thus, the Federal program at least has not discouraged State activity in this field.

For several years there has been ample evidence that the United States faces a critical shortage of trained, educated persons in many specialized and professional areas. Testimony by Senator Hartke; the U.S. Commissioner of Education, Mr. Keppel; and other representatives of higher education has evidenced the serious need for additional specialized and professional manpower, in spite of the many programs which have been developed in recent years. As educators, we are convinced that current and future shortages of trained personnel present a serious threat to the security of the United States. Our military strength, the continuation of important research and development programs, preparation for entering medical schools, the effective teaching of future children, and the informed leadership of an educated democracy in the world of the future, all of these require a sufficient

supply of capable, trained persons in all walks of life. Our intellectual resources are our main line of defense and strength.

Our shortages are not limited, therefore, to the scientific and engineering fields alone. We need more trained persons in the humanities and in the social sciences. Ability has become a precious commodity. Such a measure as S. 2490 would be a major force in overcoming these shortages.

The subcommittee is familiar with the evidence, available for a number of years, that there is a serious and continuing loss of talented scholars between high school and college. Striking new data here become available from the project talent studies of the U.S. Office of Education. These studies, conducted over several years and drawing on the largest U.S. student sample ever surveyed, accentuate our failure to develop the potential of talented youth.

According to findings from Project Talent, as presented by Commissioner Keppel in testimony before this subcommittee—

30 percent of high school seniors in the 80-90 academic percentile of their class and 43 percent of those in the 70-80 percentile failed to enter college.

I think, Mr. Chairman, some of these might have been these "C" students that you and I are both concerned about.

Senator Morse. Surely.

Dr. FRETWELL (continuing):

Youths from low income families—

and I quote from Project Talent now—

regardless of academic ability, have a far poorer chance of going to college than their classmates from upper income families * * *. Among boys in the second quarter in general college aptitude, 51.8 percent from families with incomes below \$3,000 per year will fail to enter college, as contrasted with only 20.3 percent from families with incomes above \$12,000. For girls the situation is even more inequitable; in the second quarter in general college aptitude, 74.8 percent of students from families with incomes below \$3,000 annually fail to enter college compared with 29.2 percent from families with incomes over \$12,000.

* * * Moreover—

and I continue to quote—

enrollment figures indicate that approximately 40 percent of all students who begin college withdraw before graduation. Again, many of these are talented but leave college because of financial hardship. Surely this is an intolerable loss to the Nation of urgently needed college-trained manpower.

Members of this subcommittee are well aware that as a result of increased costs of operating colleges there has been a rapid increase in tuition, fees, and living costs in both publicly and privately supported institutions of higher education. The direct cost of attending college in 1962-63 averaged \$1,480 in public institutions and \$2,240 in private institutions. With the annual median family income at \$6,000, it is readily understandable why relatively few families at this income level or lower can afford the luxury of a college education for their children.

To this I would add that we are not thinking of this as luxury in any frivolous sense; it is more nearly a necessity.

In the critical days ahead we must develop the potential leaders from all segments of our society, including those from the low-income groups.

The Federal Higher Education Facilities Act will do much, once funds are available, to strengthen the ability of colleges and universi-

ties to expand in size and strength to accommodate the growing numbers of students. But buildings alone, without dedicated and well-prepared teachers, do not make a college. The inclusion of NDEA loan forgiveness provisions for college teachers embodied in S. 2490 is an essential "plus factor."

I mentioned earlier the advantage of what amounts to a desirable partnership between State programs and Federal programs of student financial aid. The Federal scholarship program proposed in S. 2490 will become especially useful if the wording assures that (1) those States already operating or planning their own scholarship programs do not let up in their own efforts, and (2) carrying out of the federally supported programs be done by the States in such a way that the two types of scholarship programs become complementary rather than falsely competitive. This will enable a greater number of students to share in the advantages of scholarships—hopefully an increasing number of these students from what have been disadvantaged backgrounds.

On the subject of the disadvantaged, the proposed work-study programs of S. 2490 have special appeal and relevance. To date many potential students have not attended college, not because they did not have academic potential but sometimes, as a result of limited background or inferior elementary and secondary schooling. These students did not do well in competitive verbal or quantitative examinations, even though they have innate talents. Some of these students were even discouraged about taking qualifying tests.

Adoption of this bill with its several strengths would enable such students while still in high school—or even junior high school—to plan consciously to attend college even though such an aspiration might be a new idea to their families. A distinct effort should be made to identify and assist the especially able who are in great financial need.

Eligibility for assistance for work-study programs might enable higher institutions to restrict this financial aid to the very needy and perhaps to assign jobs to them in order of need. What might be called a push-pull program could encourage disadvantaged college students to receive work-study pay, for example, while tutoring disadvantaged elementary and secondary school students in an attempt to prepare them for college admission.

The late President Kennedy, in his 1961 educational message to the Congress, enunciated a commonly agreed upon goal—

that every talented young person who has the ability to pursue a program of higher education will be able to do so if he chooses, regardless of his financial means.

In spite of all that State governments, local governments, churches, philanthropy, alumni, and other generous individuals have done and are doing, the task ahead is of such proportions that a substantial Federal program of student assistance, such as the package arrangement in S. 2490, is essential if we are to maintain the national strength we need to fulfill the responsibilities which now confront our country. This calls for eligibility to use the provisions of S. 2490 in all types of recognized higher institutions—community and junior colleges, 4-year colleges and universities. We shall need them all if we are to achieve the goals before us.

Thank you, Mr. Chairman, and other members of the subcommittee, for this opportunity to support Senator Hartke and other Senators who are taking the leadership in developing a program of such vital importance to the youth of our country and the future of all of us.

Senator MORSE. Thank you very much for this testimony. This is exceedingly helpful.

I might say to you that Senator Javits had hoped to get here by now, but he is tied up in a civil rights legislative strategy conference that has kept him longer than he expected it to, and I am sure he would like me to express to you his disappointment in not being here.

But I think I will pass on to you a suggestion that Senator Javits made in our hearings of March 11. He said:

This can be made through Mr. Lee, Mr. Chairman, if I may suggest, that the committee would be interested in any comments from any of our witnesses, including those who have already testified, in the New York State scholar incentive plan, I think it might be helpful to the committee; and I would produce a witness from New York to testify to that.

If you could submit a brief memorandum later that would carry out the suggestion of Senator Javits, I would appreciate it. I will have Mr. Lee confer with you about it, and Mr. Javits' executive assistant is here too, and he can confer with you after the meeting.

But Senator Javits is very much interested in completing the record on that New York plan. He thinks it will be very helpful to us in executive session. Any contribution you can make will be appreciated.

Dr. FRETWELL. Yes, sir.

Senator MORSE. Mr. Smith, before I call on Senator Yarborough, do you have anything that you wish to add?

Dr. SMITH. Only that I join with Dr. Fretwell in tribute to the members of the subcommittee especially the chairman, and other Members of the Senate, for very courageous and fine leadership in getting the higher education facilities bill enacted into law and other effective education measures. We are indebted to you and to the others who have made this great contribution.

Senator MORSE. You are very kind, but we did not do it.

Dr. SMITH. Without your help it would not have been done.

Senator MORSE. Without the backing of your people, we would not have passed it.

Senator Yarborough.

Senator YARBOROUGH. Mr. Fretwell, I commend you for this fine statement.

I ask you, on the membership of the Higher Education Association, it says over 19,500 in more than 1,600 colleges and universities.

Dr. FRETWELL. Yes, sir.

Senator YARBOROUGH. That is an organization of educators of individuals engaged in college and university work—

Dr. FRETWELL. That is correct.

Senator YARBOROUGH. Where they pay their dues out of their salaries and do that work not for particular promotion or interest in their own college alone but for the broad scope of the higher education of all Americans?

Dr. FRETWELL. Yes.

Senator YARBOROUGH. I congratulate you on this professional organization.

Now, while I strongly support all provisions in the Hartke bill, I am strongest of all for the scholarship section. If you had the guaranteed loan program broadly over the country, we would end up with students in the same position as FHA borrowers; the burden would be gradually shifted from the public, which means the adult population, placing on the youth the obligation of educating itself.

Working your way through college is a very fine thing. Most Americans, I think, who have a college education worked at least part of the way. But it has some tragic consequences. I recall in my own class in law school at the University of Texas two of the most gifted young men we had in that class were working their way through, they were making the highest grades, but it was a tremendous drain upon them—this happened to a number of them. I can remember two of the brightest ones. Two developed tuberculosis. One later became a distinguished professor of law in the University of Texas. Both were several years younger than I am. Both passed away years ago. They graduated and they practiced law for years, they were successful, but their life terminated in midpassage.

People pay terrible penalties for all of these things they undergo with seeming ease because of youth. You can see it right there in my example. That is one of the reasons, among many, that I so strongly support the scholarship provisions of the National Defense Education Act, of which I had the privilege to be the coauthor in 1958, and which we lost by two or three votes.

I am glad to see the scholarship provision. I think if we take the scholarship provisions, the loan provisions, all of these provisions, we still would not have all of the people in college who ought to be there.

Now, under the data which is repeated in your testimony, from Commissioner Keppel's testimony, about 30 percent of the high school seniors in the 80 to 90 academic percentile of their class, and 43 percent in the 70 to 80 percentile failed to enter college. Those are the ones whom we know in their youth are students with exceptional abilities.

Senator MORSE. Senator Yarborough, may I interrupt to extend my apologies to Councilman Low? I must leave for the floor of the Senate, and Senator Yarborough has kindly agreed to preside.

Before I go, I would like to have put at the end of today's record an item that the minority counsel, Mr. Bernstein, has shown me this morning. I think it is very interesting. It is entitled "Iowa College Typifies Tale of Rags to Riches." I would like to have it put in the record.

And I hope that the councilman and Dr. Fretwell and Dr. Smith will accept my apologies for leaving.

Thank you, Senator Yarborough.

Senator YARBOROUGH (presiding pro tempore). Thank you.

To complete my observation there are, of course, in addition, many students whose early grades or early tests may not show to be exceptional, but in your position as an educator you know the importance of continued application by a person. Although a man may not be equipped with quite as bright a mind to begin with, he might be able to surpass others if he continually applies himself and works. These figures do not even include those who, through years of application,

might result in their making a great contribution to human society. Is that not true?

Dr. FRETWELL. I think that is true.

Senator YARBOROUGH. When we lose not only these who we feel certain will make a contribution, we are losing a vast number, too, a vast number who have not yet been discovered because of their youth?

Dr. SMITH. There is a common term for that—the “late bloomers.”

Senator YARBOROUGH. The “late bloomers.”

What percentage do they constitute? Have there been any studies really as to what percentage they constitute, the people who might be—I will not say successful in the commercial sense, but might make a contribution to civilization?

Dr. FRETWELL. I do not know any statistics.

Dr. SMITH. There is a substantial percentage, but it is very difficult to get an exact figure on that. Still it is a phenomenon with which we are very familiar. And it is true that some do not develop their ability until much later in life, and they make some of the best contributions to society.

Dr. FRETWELL. I would like to point out on the same line with the matter of testing, which I touched on earlier, is something that I think all of us in education and Government are going to have to take a look at. Sometimes a test merely predicts the ability of the student to do well on tests. And the development of a culture-free test with particular hopeful greater opportunities for the disadvantaged is something I think all of us should look at in days ahead.

Senator YARBOROUGH. I had more questions about your testimony to ask you as an educator, particularly about the training of scientists into the space program, the need for stepping up education to replace that drainage into other lines; but we only have 6 minutes left.

Senator JAVITS has arrived. I will forgo other questions and yield to Senator Javits. And also Councilman Low is here for a statement.

Senator JAVITS, I want to point out we have such a limited time for your constituent from your State I will yield to you, and then have Councilman Low.

Senator JAVITS. I shall be very, very brief; just to welcome our constituents here. I am sorry I was tied up this morning and unable to get here on time to hear the statement originally. And Senator Morse has already made the request I have in mind. I would like you gentlemen to know that the genesis of that was the debate on the Ribicoff amendment to have a tax deduction for tuition. And at that time I voted against it because I believed that we should explore here what is the very best way in which to accomplish the desired result, without excluding the concept of the Ribicoff amendment but also including the New York student incentive plan, how it has worked out, and whether or not it might be commended on the national level.

And so I hope you will give us the necessary information.

Dr. FRETWELL. We will be glad, Senator, to prepare such a brief.¹

Senator JAVITS. Thank you very much, Mr. Chairman.

Senator YARBOROUGH. Thank you, gentlemen, very much.

Councilman Low.

¹ This communication, with others on the same subject, may be found on p. 798.

With the impending objections that are going to come, Councilman Low, we would invite you to proceed without further delay so that the bells will not catch you before your testimony is given.

Mr. Low. Thank you very much, Senator.

Senator YARBOROUGH. Mr. Councilman Low, at this point I want to place your full statement in the record, so if these bells do cut you off before you finish, we will not miss one word of this fine statement.

You proceed in your own way, sir.

STATEMENT OF HON. ROBERT A. LOW, COUNCILMAN 22D DISTRICT, NEW YORK CITY

Mr. Low. In view of the fact that you may have a rollcall bell, I will make a point now while Senator Javits is here and you are here, Senator Yarbrough.

One of the points that I stress in this statement is that I represent a district which contains not a pocket of poverty but poverty in an overwhelming sense. And I ask you gentlemen and invite you to visit this district as a group in order to focus attention on the needs for this type of approach to the education problem.

I wanted to point out while Senator Morse was here—since I have been in the New York City Council, I have checked the admissions to the bar of the State of New York, and, Senator Javits, this may shock you, sir; but in that period of time I have noticed only one name from my district in the list of those admitted to the bar of the State of New York.

I will proceed with the statement, but I wanted to make that point.

Senator YARBOROUGH. How long ago was that?

Mr. Low. Since 1961, sir. And there are two admissions a year. My name is Robert A. Low.

Senator JAVITS. Mr. Low, may I interrupt you just 1 minute, because you can put your statement in, and I have got to go to the floor. I am the captain on my side today.

Mr. Low. Yes, sir.

Senator JAVITS. First, I want to welcome you to the committee and thank you for your statement.

And, second, I want to tell you that I am well aware of what you say, and I assure you it is going to weigh very carefully with me. And that is the reason, as a matter of fact, why I did what I did, because those very same families would not have been benefited under the tax deduction, because their taxes are so low.

Mr. Low. Well, thank you, Senator. And I would say this. I do not want to be irrelevant here, but the tax reduction bill does not affect our people either.

Senator JAVITS. That is right.

Mr. Low. Because they are not paying taxes in any substantial way.

Senator JAVITS. I said it would not have benefited those families.

Mr. Low. Thank you, sir.

My name is Robert A. Low. I speak today in favor of Senate bill 2490, with particular emphasis on the work-study proposal incorporated in the bill. I ask also your favorable consideration of a new part to the bill that would extend that form of work-study known as work-study cooperative education. This is the so-called Antioch

plan. This proposal has been circulated among interested individuals and groups as well as members of this Subcommittee by the National Commission for Cooperative Education. So I am talking not only in favor of the Hartke proposal but also a new portion which has been proposed by the National Commission for Cooperative Education.

Now, I have devoted almost 6 years in a public capacity to the complex problems facing the city of New York—first as assistant to Mayor Wagner, concerned specifically with problems of housing and health, and relationships with minority groups, and today as a member of the New York City Council from the 22d Senatorial District.

Today, I represent a district of 275,000 persons, which includes the heart of Yorkville, all of east Harlem, sometimes referred to as Spanish Harlem, and the lower portion of central Harlem lying just north of Central Park. Most of this district is represented in the House of Representatives by Congressman Powell and a small portion of the southern tip in Yorkville—about one-sixth of the district—is represented by Congressman Lindsay.

The ethnic breakdown of the district is about 36 percent Negro, 27 percent Puerto Rican, 37 percent other, of whom only a small proportion are native born of parents also born in the United States. This may well be the most heterogeneous political subdivision in the United States. It is also a district that reflects extremes in wealth and poverty; some fine living, but much too much slum living. Within the district there are some 16,000 units of public housing, and more units are going up. The schools in the east Harlem and Harlem areas are terribly overcrowded, while those in Yorkville have been underutilized until recent years when minority children have filled the empty seats through voluntary bussing programs.

With a background of civic and political involvement in this district and with a citywide perspective gained through 3 years of work in the mayor's office, I find myself rediscovering the heart of our problem. Simply stated it is that a vast proportion of our people are undereducated and consequently incapable to cope with the economic, cultural, and political complexities and challenges of our time. As one struggles to find solutions to the problems of poverty, discrimination, and the various social pathologies of our great cities, one is inevitably drawn to education as the key solution.

President Johnson's war on poverty has dramatic meanings for the people of my district and the city as a whole. Perhaps 2 million of our 8 million inhabitants—Mayor Wagner estimates a somewhat smaller figure—are barely making ends meet and among them are thousands of newcomers in my district. But, Mr. Chairman, there must be a war on ignorance, too. Higher education must be brought within the reach of thousands of disadvantaged youngsters if they and their families are to emerge from their ghettos of poverty into the mainstream of American life.

My experience in my own district and my larger observation of New York City as a whole—both of which I am sure are not atypical—persuade me that the mere existence of educational opportunity is not enough. Two other factors must obtain: economic means and motivation. On the first score, the pressure on youngsters to get work and contribute to the family's income is almost inescapable for most and the consequence is reflected in the number of school dropouts and

adolescent jobseekers. On the subject of motivation it is almost impossible for those of us who come from college-oriented families to comprehend a situation where there is no parental encouragement for children to continue their education. Without this encouragement and without financial ability, thousands—I am sure hundreds of thousands of youngsters each year—enter the expanding undereducated segment of our population, which represents an appalling loss of competence to the Nation, a waste of intellectual resources and the perpetual captivity of too many of our countrymen in the prison of poverty and frustration. It takes very little examination, Mr. Chairman, to recognize also the relationship between the lack of education and training and other grave social problems with which the Senate and indeed the city of New York are both concerned.

Because of economic pressure, the various student loan programs, whether Federal or State, do not in my judgment meet our needs in New York City, either from the point of view of providing financial assistance to needy students in higher education, or in encouraging the training of these students in areas where their talents are urgently needed. The student loan programs now in operation have special limitations for large numbers of youngsters on the lower economic levels, and this is especially true of the many newcomers in New York. In fact, State scholarship money continues to be available, yet many thousands of needy students fail to pick it up.

Perhaps one reason for this was stated to this subcommittee in the testimony of the U.S. Commissioner of Education, Francis Keppel, on February 20, 1964. He pointed out that loan funds mean generally:

That those going to college from the lowest income groups would graduate from college with the greatest burden of debt.

To many of these low-income students and their parents, he said, a prospective indebtedness of several thousand dollars is frightening. It would seem to me that even in those youngsters in whom there is a strong motivation to go forward in education the prospect of a long-term debt burden must surely extinguish whatever flame has been kindled.

A practical solution is to avoid or minimize debt by making opportunities possible for student self-support through meaningful work. Work-study as proposed in Senator Hartke's bill and in the modest proposal of the National Commission for Cooperative Education are precisely the forms of encouragement the students of whom I speak need to go on to higher education. This is true of New York City even with regard to our institutions of higher education that are tuition free. Undergraduates earning an additional compensation up to \$1,250 a year under the work-study formula of the Hartke bill could contribute a substantial portion to their own families' budgets or to those of their parents and effectively reduce or eliminate the pressure on these youngsters to go to work during high school and relinquish the idea of going to college.

I might add that work-study especially in the formulation proposed by the National Commission for Cooperative Education has an additional, sometimes lost-sight-of advantage that has special relevance for New York City. I refer specifically to the effect of increasing the capacities of existing overcrowded institutions of higher education. It is estimated that a full work-study program operating within the cooperative education concept can open up more than 50 percent

of the seats for additional students because campus study and off-campus work occur in alternation. When the student is engaged in the work phase of his curriculum his classroom seat is available for a student engaged in on-campus study.

I have touched upon some of the specific advantages of work-study from the point of view of the student of limited means. There is also the complementary advantage of encouraging students to fill those jobs—in education, public service, and private industry—that are going begging. By and large these are the jobs at the technical, professional, or managerial level.

While the vast majority of our newcomers are unskilled workers, the number of unskilled jobs available in New York City is declining drastically. The prospect is that the city will lose 70,000 to 80,000 unskilled and semiskilled jobs in the present decade. At the same time, the need for qualified professional, technical, and managerial personnel is increasing sharply in the city government, our educational system, and in private industry.

The work-study program proposed by Senator Hartke would find application in work of an educational character or having a substantial educational or public service content if performed within an institution of higher education or in a public agency.

I ask you, Mr. Chairman, to consider the application of this concept to the government of the city of New York.

A study of "Professional Personnel for the City of New York" by the Brookings Institution recently observed :

This changing population structure is expected to give rise to many economic, social, educational, and health problems for which the city will have to assume a major share of responsibility. More services will be needed that require the kind of professional staff already hard for the city to obtain.

In another part of its report, the Brookings Institution noted that about one position out of every five in the New York City government is vacant in professional, technical, and managerial categories. The obvious conclusion by the Brookings Institution is:

The city is not meeting its needs for professional, technical, and managerial employees, and the situation is getting worse.

The work-study proposal contained in section 233 of S. 2490 would provide a means of reversing this trend. Not only should the program make it possible for additional students from low-income families to enter and to remain in college, but it should be a strong stimulant for these students to work in governmental agencies.

Our city government has very serious shortages in such fields as nursing, engineering, accounting, and social work. College science majors in chemistry, physics, biology, for example, could be employed by the New York Department of Hospitals as laboratory aids or nurses aids. Engineering students could be employed as engineering aids or junior draftsmen. Social work majors could be employed as social work aids. Accounting majors could be employed as junior bookkeepers and clerks in a variety of departments.

Theodore H. Lang, chairman of the New York City Civil Service Commission, recently told me:

A work-study program with colleges would certainly attract competent young people to the city administration in the occupational areas now most difficult to fill.

There are over 1 million children in New York City's public school system and some 30,000 teachers, and I suggest that work-study programs could be of significant benefit to this vital area. The influx of newcomers into New York places a special burden on the school system and its professional staff. There are language barriers, problems arising from differences in background and culture, mobility of the families, and the like. Every responsible observer knows that we need more money and more personnel to raise our educational standards, especially in the so-called special service schools. We must attract young people in college to our schools today to encourage them to become tomorrow's teachers.

The New York City Board of Education is currently engaged in a student teacher program with 19 colleges. Three thousand students are involved during each school year. The principals in the schools arrange with the participating colleges for the assignment of those student teachers to the classrooms. It is a useful and creative program, which is every day proving its worth; but we could use today additional thousands of student teachers, a prospect that could be rapidly realized through the provisions of Senator Hartke's bill.

The New York City experience within the context of this discussion defines a most disturbing paradox which I am sure is a reflection of a national problem. We have the paradox of unfilled jobs and unemployment. In a very real sense this paradox is an outgrowth of the education lag, a result if you will of the multiplication of highly skilled jobs without the necessary increase in trained brainpower and advanced skills. In New York, our unemployed are unskilled, while the jobs available require technical, managerial, and professional skills. This is substantiated in a study by the New York City Department of Labor issued February 28, 1964.

Under S. 2490, as I understand its provisions, the work-study aspect of the program would extend only to on-campus employment or student employment in public agencies.

I am also in favor of extending the work-study principle to a larger segment of private industry by assisting additional colleges to initiate work-study cooperative educational programs.

The proposal of the National Commission for Cooperative Education, which I am pleased to learn has the endorsement of AFL-CIO, would stimulate work-study programs involving private industry in which all the compensation is paid by the private employer. The Commission's proposal provides for grants up to \$65,000 in any 1 fiscal year to a college for the training and employment of faculty coordinators capable of establishing and administering work-study cooperative education programs.

The amount asked for is only \$3,500,000 per year for 5 years. This would be a sound investment for the youth of our country. Such work-study programs where industry foots the entire cost of student compensation for off-campus jobs at full pay have been growing steadily since 1906 when the concept was first adopted by the University of Cincinnati. Our Government should adopt the National Commission's proposal which will result in an expansion of work-study cooperative education from the present 62 colleges and universities where it is in operation to double that number in 5 years. The program is in operation at the Pratt Institute in New York and were it expanded to other institutions of higher education in New York

City the gap between unfilled jobs and unemployed might be greatly narrowed.

I should like to say, Mr. Chairman, that I believe it to be the duty of every citizen and certainly every public official to become informed about, to support and encourage sound undertakings by the Federal Government that will extend the opportunities of higher education to the greatest possible number of our youth, for unless we do we will not have a population adequately educated to the needs of our time. The war on poverty must also be a war on ignorance and a determined effort to upgrade our skills, our comprehension, and our intellectual capacities.

With this in mind, and to summarize:

(1) I urge passage of the Hartke bill. It will make possible the opportunity for higher education to many thousands of American boys and girls of low-income families who have never reached beyond their grasp into the world of fulfillment and achievement.

(2) I urge incorporation of the proposal of the National Commission for Cooperative Education to expand the number of colleges and universities now offering work-study cooperative educational programs where student compensation is paid entirely by the employer.

Adoption of these proposals by the Senate in this session would bring credit to this great body and mark it in the eyes of future generations as the "Education Congress."

Senator YARBOROUGH. For whom the bell tolls.

Mr. Low. Is that the bell you were waiting for, Senator?

Senator YARBOROUGH. Well, I was not waiting for it, I was trying to beat it and finish something before it rang.

But this will necessitate the termination of the hearings this morning.

(The item entitled "Iowa College Typifies Tale of Rags to Riches" follows:)

[From the Washington Evening Star, Mar. 23, 1964]

IOWA COLLEGE TYPIFIES TALE OF RAGS TO RICHES

FAIRFIELD, IOWA, March 23 (AP).—Eight years ago Parsons College had 212 students, a campus worth \$700,000 and debts of \$1.2 million.

Parsons now has 2,700 students, a \$7 million campus, is virtually debt free, and will show a profit this year of \$2.2 million.

Behind this rags-to-riches story stands Dr. Millard G. Roberts, president of Parsons College and one of the most cussed and discussed men in U.S. higher education.

MASTERS IMPOSSIBLE

Dr. Roberts, a former New York minister now in his forties, appears to have mastered the impossible. He has turned a bankrupt college into a thriving business, free of dependence of Government or private grants and appeals to the alumni. He welcomes students no other college will take.

Dr. Roberts' critics sputter that no college should even try to make a profit. Dr. Roberts replies that a profit-making approach is the only salvation for most private colleges.

The critics also charged that no college can admit students with poor test scores and high school records and still maintain a quality academic program.

VIEWS ARE EXPLAINED

Dr. Roberts says it's only a matter of getting excellent teachers, turning them loose to teach, and giving the students more personal attention.

The North Central Association of Colleges and Secondary Schools placed Parsons on probation last June. The reasons were not disclosed.

There has been some faculty dissension, some professors have resigned, and ties have been loosened with the United Presbyterian Church, with which Parsons has always been affiliated.

Much of the criticism has been aimed at Dr. Roberts. Whatever the merits of the charges and countercharges, Dr. Roberts has done a face-lifting job on Parsons.

FIFTY-MILE RADIUS

When Dr. Roberts took over as president in 1955, most of the school's 212 students lived within 50 miles of Fairfield, a pleasant farming community of less than 8,000 population. The average faculty salary was \$2,800 a year. Besides being deeply in debt, Parsons was operating on an annual deficit of \$54,000.

Today, only 21 percent of the student body lives within 100 miles of Fairfield. The average faculty salary is \$12,996, in the upper 2 percent of all colleges and universities. Nearly 80 percent of the faculty members have their doctorate, a figure exceeded by only a handful of institutions. Despite its tremendous physical growth, Parsons is in debt only for current construction.

Admission is on the basis of scores on the college entrance examination board tests. Parsons uses a quota system to determine the makeup of its freshman class: One-third from the highest ranking one-third who apply, one-third from the remainder of the top half, and one-third from the lower half.

EXPERIENCES REVEALED

"Experience has shown us over an 8-year period that many average students make excellent records when placed in a system which requires them to work hard with professors of outstanding ability," Dr. Roberts said.

"And unless more colleges take this approach, instead of becoming increasingly selective, nearly all our high school graduates will be relegated to education at inferior levels."

Dr. Parsons also welcomes some students who have flunked out of other institutions.

"Some students need the motivation of failure," Dr. Roberts said, "they need—and deserve—a second chance."

Senator YARBOROUGH. The hearings are recessed until April 9.

(Whereupon, at 10 a.m., the subcommittee recessed, to reconvene on April 9, 1964.)

COLLEGE STUDENT AID LEGISLATION

THURSDAY, APRIL 9, 1964

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 9 a.m., in room 4232, New Senate Office Building, Senator Wayne Morse (chairman of the subcommittee) presiding.

Present: Senator Morse (presiding).

Committee staff members present: John S. Forsythe, general counsel; Charles Lee, professional staff member of the subcommittee, and Michael J. Bernstein, minority counsel of the full committee.

Senator MORSE. The hearing will come to order.

At this point I am pleased to present the testimony of the distinguished Senator from South Dakota, Hon. George McGovern.

STATEMENT OF HON. GEORGE MCGOVERN, A U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA

Senator MCGOVERN. Mr. Chairman, I appear before you today as a deprived income taxpayer with five children to get through college and no current prospect for an allowance on my Federal income taxes for the college expenses just starting to fall on me.

If the Senate had recently voted to give the parents of college students a tax allowance, I estimate that it would have saved me \$6,000 to \$7,000 in the next few years.

When the Senate rejected the proposal, I considered joining with a good many others and writing my U.S. Senator a letter of protest over his vote against the allowance. My wife thought I should, but she also thought it would be foolish to waste another 5 cents mailing the letter from my home to my own office.

I agreed with her and let it go.

Two days later I received at my office a letter from one of my constituents, a Mrs. George McGovern, the mother of five children yet to be educated, asking "Why did you vote against the amendment to the tax bill which would have given the parents of college students a tax allowance?"

She graciously assumed, having known me for some time, that I would have a plausible explanation of the vote, but added rather sharply:

"You certainly ought to have one. I know five reasons for you to vote for it—Susan, Ann, Terry, Steven, and Mary."

My answer to Mrs. McGovern was an explanation of S. 2490 which I am honored to cosponsor with the senior Senator from Indiana, Mr.

Hartke, and others. I contended that S. 2490 provides greater assurance that my five children will get college training than a tax exemption, enjoyable as the exemption might be to Mrs. McGovern and me.

I recount this personal episode because I think it rather forcefully illustrates a confusion in a great many minds about the effect of alternative suggestions that have been made in the educational field.

We need to be clear about what we want to accomplish in the educational field.

If we want to ease the economic lot of parents of moderate and substantial earnings who are already educating children, then an income tax exemption is the way to go. It would have only minor, fractional benefit in terms of getting additional young people through college.

But if our major objective is to assure higher educational opportunities for all worthy youth, then the program should be designed to provide them with the necessary funds whether their parents pay income taxes or not.

BASIC CONSIDERATIONS

I suggest two axioms which should be basic in our consideration of education measures.

First, every young person should have the opportunity to develop their talents fully, regardless of income. In President Kennedy's words, we must assure that "no student of ability will be denied an opportunity for higher education because of financial need."

Second, the Nation cannot afford to lose the talents of a single American because of inadequate school facilities, inferior teaching, or any other limitation that can be overcome by a greater commitment of funds or energy.

An estimated 120,000 of our qualified young people did not attend college last year for financial reasons. Still others were forced to drop out before graduation because of ever-increasing costs. These are the people who most need our attention and help. However burdensome the cost of education for those who attend college, the handicap for those who do not remains with them throughout their life, depriving them and our Nation of the benefit of their talents.

SHORTCOMINGS OF TAX CREDIT

The tax credit approach which came before us during consideration of the tax bill would have provided the least help for those who most need it. A tax credit goes only to a family paying taxes. Most of those who cannot afford a college education come from families whose incomes are so low that they pay little or no taxes. Many of these families have more than one child to educate, and their problems are compounded. The tax credit amendment would have provided relief only for those families of moderate or substantial means which are able to send their children to college. There would have been nothing for those families or students unable to launch a college career.

Moreover, because the tax credit amendment would have aided parents in proportion to the actual expense of the education, it

would have provided more for those parents whose children attend the more expensive colleges.

I am certainly not against ameliorating the high cost of education. I have a daughter now in college and four more children to educate. I know that the expense of a college education is a burden even for those of reasonable financial means. However, I cannot in good conscience support an expensive tax credit proposal which would provide no relief for those families for whom the hurdle of the cost of a college education is insurmountable.

PROVISIONS OF S. 2490

A far better approach is embodied in the bill before this committee—S. 2490. The combination of aids offered by this measure would be available to all of our young people on the basis of talent and ambition, without regard to income or family means. The benefits of S. 2490 would accrue to those from families of moderate means as well as to those from families which could not otherwise afford to send them to school.

The National Defense Education Act, which has proved to be so beneficial to so many of our brightest students, would be extended and expanded under S. 2490.

A new program of Federal insurance for commercial loans to students provided in S. 2490 will make it possible for many young people to attend college who otherwise could not afford it. Moreover, this approach recognizes the value of a college education in terms of increased earning power. The student who went through school on a loan would be able to pay it back out of his own earnings. This in my judgment is the most practical method of financing higher education and it would involve little or no cost to the taxpayer. The repayment rate on college loans is almost 100 percent.

A new work-study program provided by S. 2490 would enable an ambitious student to finance his education while attending school—at the same time as he provides useful services to his community and learns new skills.

S. 2490 would also establish a new Federal scholarship program, which was a major goal of the late President Kennedy.

This combination of benefits is, to my mind, the proper way to finance an education program. It makes financial aid available to all students. It recognizes that the most serious difficulty is experienced by families with the lowest incomes and that no tax relief program, however appealing it sounds, will help them.

VARIETY OF OPPORTUNITY NEEDED

There is an urgent need to provide a wide variety of educational opportunity. Not all of our young people have ability in science or mathematics. Nor can our country rest its future on progress in those fields alone. The march of civilization depends today, as in the past, on the quality of our teachers and writers, our clergymen and journalists as much as on the builders of practical machinery.

Not all of our young people have the capacity or the appetite for academic training. Yet the skilled mechanic, the craftsman, the builder are greatly needed and far too scarce in our society. No

educational system worthy of the name can afford to neglect the hand skills, the service skills, the technical skills that enrich our lives and strengthen our Nation.

S. 2490 recognizes these needs and provides help for services and talented students regardless of their field of interest and competence. I believe we need to do still more in the area, particularly at the lower levels of education, but this bill takes a long step in the right direction.

THE ESSENTIAL NEED FOR EDUCATION

Going back once more to the basic axioms, we should recognize the overriding importance of education to our Nation and our civilization.

Each year we spend many billions of dollars for national defense. This fiscal year we are spending well over \$50 billion on arms and military programs. This is more than half the total national budget and more than the entire Federal expenditures for all purposes for the New Deal years of 1933 and 1940 combined.

At the same time, the Federal Government spends less than \$2 billion yearly for all educational purposes.

Yet education is as important to our national security as the building of arms.

For one thing, unless we produce more and better educated people each year we will quickly discover that we have lost the ability to compete with a resourceful opponent.

Unless the quality and quantity of our education continues to rise we will discover too that we have less to defend.

We are justly proud of our history and the progress we have made toward a good life for all our citizens. Yet our progress can be measured in the knowledge and ambition of our people. Our knowledge and our traditions can only be passed on to our children by proper education. Brainpower is a cornerstone of national power in today's world. Only by steadily raising our educational sights can we hope to maintain our position of world leadership.

In recent years, we have fallen behind in supplying our need for highly educated citizens. The very size of our defense budget has absorbed much of our available talent and resources. Nearly three-fourths of our finest scientists and engineers are involved in the military effort.

A bomb resting in the nuclear stockpile makes no contribution to the economy, whereas an equal investment in a classroom has a continuing impact.

A brilliant teacher who is taken from the classroom and isolated in a munitions laboratory loses the opportunity to enrich the lives of our children and our society. We and our children are paying a heavy price for the defense programs which have taken thousands of our best teachers, professors, and scientists out of the classroom and away from the important business of challenging young minds. Even those who place their chief trust in nuclear power should ask themselves how many potential Einsteins we have lost in this process.

Largely through the defense budget, the Federal Government is now financing 65 percent of the Nation's research and development. Meanwhile, millions of our citizens are now idle because they lack

the skills necessary for a job in our complex world. Every year, we produce fewer professors, engineers, doctors, and lawyers and teachers in proportion to our population. The demand for talented and highly trained people in teaching, in government and industry far exceeds the supply and the disparity is growing rather than narrowing.

It is time to take a hard look at our present allocation of scarce resources and talents. Resources in excess of our military needs could well be diverted to education.

The Hartke bill, S. 2490, is an excellent beginning in what will of necessity be a gradual and sometimes painful transfer of funds to the rebuilding of our educational system. When passed, it will be a major commitment to improving the educational system of our Nation, without which no amount of arms can protect and nurture the values we hold most dearly.

[For release: PM papers of Thursday, April 9, 1964]

WIDENING THE OPPORTUNITIES FOR HIGHER EDUCATION

Senator George McGovern, Democrat, of South Dakota, today called for early enactment of a broad national program of guaranteed private loans, scholarships, and work-study arrangements to assist students in meeting the costs of college education.

Testifying before the Senate Labor and Public Welfare Committee, the South Dakotan alluded to his personal situation as an example to show that such direct financing would be a surer guarantee of higher training for worthy young people than the income tax allowances recently proposed and defeated in the Senate.

"I appear before you today as a deprived taxpayer with five children to get through college and no prospect for an allowance on my Federal income tax," Senator McGovern told the committee. "I considered writing my Senator a letter of protest when he voted against the income tax allowance, but my wife thought it would be foolish to spend the 5 cents mailing the letter from my home to my office.

"Then she wrote me the letter, suggesting that I had five reasons for voting for the tax exemption—Susan, Ann, Terry, Steven, and Mary.

"I have persuaded her that, as enjoyable as a tax allowance would be to us, the bill now before the committee provides far greater assurance that our five children—and all worthy students—will get college training than the tax relief for parents."

"The tax credit approach would have provided the least help to those who need it most," Senator McGovern contended. "It would benefit the parents of children going to college, and in a relatively few instances make it possible for young people in lower income families to get into school.

"A program of providing funds direct to worthy students, without regard to family income, would reach all of the 120,000 young people annually who are now deprived of college training because they lack funds."

Senator McGovern said he favored the broad approach of S. 2490 which provides four different financial aids for college students:

1. It extends the loan provisions of the National Defense Education Act.
2. It establishes a new system of Federal guarantees of commercial bank loans to students.
3. It sets up a work-study program to enable students to work their way through college.
4. It institutes a new program of scholarship aid to students of outstanding ability.

"To my mind," Senator McGovern said, "this combination of benefits is the proper way to finance an education program."

According to official estimates, S. 2490 would be far less expensive to the Treasury than the Ribicoff proposal would have been. The tax allowance would have cost \$760 million the first year and \$1.3 billion in 1970. Under S. 2490, student loans would be repayable and involve no net cost. Scholar-

ships are set at \$37.5 million annually, and the work-study program would involve assuring about \$250 million of part-time employment each year.

Senator McGovern also suggested that much of an expanded education program could be financed by cutting some of the waste from military spending. "We must realize," he said, "that a gap in our educational system can be as dangerous to our national security as a missile gap."

Senator McGovern pointed out that many of our talented teachers as well as over half of our entire budget are drained off by the military.

"It is time to take a hard look at our present allocation of scarce resources and talents," he said. "Resources in excess of our military needs could well be directed to education," McGovern said.

Senator MORSE. We have as our next witness Dr. Harold F. Cottingham, president-elect of the American Personnel and Guidance Association, Florida State University, accompanied by Mrs. Josephine Ferguson, director of Student Services, Valparaiso University, Valparaiso, Ind.; and Miss Carolyn Steel, counselor, St. Louis Park High School, St. Louis Park, Minn.

I am delighted to have you. I understand the testimony you are making will be a very significant contribution to this record. It is my hope that we will finish our hearings in one more meeting. I shall then take this bill into the executive session of the subcommittee, hoping by not later than May 1 we would have it before the full committee for final action. It may be necessary for the chairman to leave promptly at 10 minutes to 10. Therefore, if it appears that the hearing will extend beyond that time, which I doubt, I have asked that another Senator on the subcommittee be notified to take my place because I have to be on the floor in order to protect my rights and in my judgment the rights of the people of the country.

Dr. Cottingham, we will be glad to hear you. Please proceed in your own way.

**STATEMENT OF DR. HAROLD F. COTTINGHAM, PRESIDENT-ELECT.
AMERICAN PERSONNEL & GUIDANCE ASSOCIATION, FLORIDA
STATE UNIVERSITY; ACCOMPANIED BY MRS. JOSEPHINE FERGU-
SON, VALPARAISO UNIVERSITY, VALPARAISO, IND.; AND MISS
CAROLYN STEEL, COUNSELOR, ST. LOUIS PARK HIGH SCHOOL,
ST. LOUIS PARK, MINN.**

Dr. COTTINGHAM. Mr. Chairman, I am Harold F. Cottingham, president of the American Personnel and Guidance Association and professor of education at Florida State University.

I would like to thank Senator Morse for appearing at the Boston convention a year ago at which time he spoke to our convention assembled and the remarks were recorded and were available to the members of our association through the personnel and guidance journal.

Senator MORSE. I remember that meeting very well. As I have said to others who have appeared before me as witnesses, I am delighted to say to you that I shall always appreciate the education I received at these meetings and the wonderful hospitality that you extended to me.

Dr. COTTINGHAM. Thank you. I might say that I welcome you to Minneapolis next year.

Senator MORSE. Thank you.

Dr. COTTINGHAM. The American Personnel and Guidance Association is a professional association of more than 17,000 members representing guidance and personnel activities at all educational levels and in community agencies and employment service. On behalf of our members I would like to thank you and the members of the committee for holding open the opportunity to testify on S. 2490, the Higher Education Student Assistance Act, presently under consideration.

I would like to pick out certain highlights in order to save time.

Senator MORSE. The entire statement will be entered in the record and the witness may proceed to summarize it.

Dr. COTTINGHAM. At our recent meeting in San Francisco we talked of the Economic Opportunities Act and the other was the Higher Education Student Assistance Act of 1965. I would like to mention only one resolution in this connection which was passed at San Francisco. It reads as follows on page 2 of the statement:

Be it further *Resolved*, That the regulations pertaining to such financial aid programs to college students should be sufficiently flexible that a college financial aids officer could use discretionary judgment in use of the several forms of financial aid for any given individual student.

Senator MORSE. I might say, Dr. Cottingham, for myself and as chairman of the subcommittee, that I agree completely with the objectives of the resolution. If we are going to make this program work, we must place our confidence and trust in the people at the local level to administer it in accordance with their wise discretion in carrying out the objectives of the act.

I have observed in my work in the field of education that there is no better group of people to be trusted in carrying out the objectives of Federal legislation such as is here before us, than the people who have to live with it every day. I call upon counsel to take note of what the chairman has just said.

Dr. COTTINGHAM. Thank you.

May I point out that our association has consistently supported programs of this sort. The membership of our association is concerned that this might be available in small villages and cities throughout the country. We are also interested in expanded programs for financial aid rather than restricted types of financial aid.

Our membership is represented here by Miss Steel and Mrs. Ferguson as they work directly with students. They know and understand student problems. They are well aware of these problems. The National Defense Education Act loans have helped. This has been a starter. However, this is only one dimension of a multi-dimensional problem which we face at this time. We know there are many sources of nongovernmental financial aid now available at sometime prior to 1958. Undoubtedly these other sources grew out of the stimulation of National Defense Education Act. Certainly we need to go beyond this point at this time.

We need a long-range program that students and counselors can count on, that offers them a broad-based program reflecting the Federal and national interest in their welfare.

Mr. Chairman, I would like to digress a bit from the prepared material to comment on another matter very closely related to this particular bill. This relates to the need for adequate counselor training and quality as relates to the form of student financial aid. The effectiveness of financial aid for students going to college depends greatly on the number and quality and the availability of counselors in our high schools.

There appear to be too few qualified counselors and I would like to suggest that additional financial aid for the preparation of counselors along the lines of title V of the National Defense Education Act certainly would be in order. We need to broaden our base of support along these lines.

To prepare information for the need of this type of financial aid, the APGA conducted a brief study in the past months to determine the grassroots reaction to this type of support. We felt this actual data, based on the findings from the public in the public schools would be very pertinent therefore and in late March a modest survey was conducted looking at the plans of the June 1964 graduates from a variety of secondary schools throughout the country. The research staff of the American Personnel and Guidance Association sent out 160 questionnaires to that number of high schools throughout the country. These were distributed on a wide geographical area. They were filled out by the school counselor in the respective schools. As of yesterday we heard from almost 130 or 80 percent of the secondary schools.

Without going into detail I should mention that the number of schools contacted was great and the range was considerable inasmuch as it ranged from small, rural schools in the South to the metropolitan high schools in the North and Midwest. This is a small sample and we do not say it is representative of the entire Nation.

The number of graduates covered by this survey would cover some 39,000 young people who plan to leave school in June.

Just a comment or two on this brief study. It was found that 48 percent of these graduating students were planning to go into some form of postgraduate high school education. The range or percentage, of course, is great. In some schools it went as low as 5 percent and in other schools as high as 70 percent. This indicates the variability in the type of high schools from which our college students come. In the more affluent areas a very high percentage go to college. This points out that we do need a varied type of bill called for by the different high school programs and different social settings throughout the country. This flexibility, I believe, is recognized in the pending legislation.

We asked the counselor receiving these questionnaires how many of the graduating seniors in their schools were going to college. We found here a number were not going to college who were academically able, in the opinion of the counselors. Actually, this group represents some 16 percent of the total group and in some cases the counselor indicated as many as one-half of those able to go to college were not going to go to college. Furthermore, we discovered that of those able who were not going, some 25 percent were not going because of financial need as they expressed it.

In short, many people are not going to college from the high school graduating class in our small survey because they do not have the financial resources to make this decision. Furthermore, we asked the counselors in these various schools the type of aid that would be most appropriate for these students and they ranked this type of aid in the following order: (1) scholarship, (2) college work-study, (3) combinations of aid, (4) government loans, (5) guaranteed commercial loans. We also asked the counselor about seniors from the low income families, those having less than \$3,000 per year. The responses indicated that in general the lower income families were more likely to accept scholarships or work-study help than students from high income families. Similarly, the responses indicated that the lower income families preferred to have scholarships rather than loans because of the obligation presumably entailed in the loan. It seems very clear then that the low income student in the poverty range recognizing regional differences, of course, we are going to have to make available much more money in scholarship and college work-study programs to attract these young people into further educational programs.

I would like to close this review with a survey of several comments that seems very clear from the analysis we have made to date.

One, there are tremendous differences among high schools and their graduating classes in the country as a whole. Some schools indicate that they really do not need additional financial aid. Others indicate that almost none of the graduating class can go on to post-high-school education unless additional financial aid is made available.

Two, I think it seems clear to us in our analysis that no one plan—loans, scholarships, college work-study, whatever—will work sufficiently well to meet the needs all over the country. We must recognize the multipurpose approach. For example, in New England we found a very definite distaste for using loans for higher education. This of course is a regional viewpoint which may not be reflected in other parts of the country. The variability of need available to schools is certainly an outstanding feature of this bill.

Finally, I would like to share with the subcommittee some of the comments that came in to us from counselors responding to our questionnaire. Since time is quite limited I would like to mention only one or two, perhaps, of these cases which counselors reported to us in this study.

May I mention one, referred to in your statement? I quote as follows from a midwestern school:

Here the valedictorian in last June's graduating class was unable to continue in higher education because of dire financial need. The father was heavily in debt and out of work for long periods of time. Financial burdens and worries on them created a situation where the daughter with maximum effort attended one semester of college last fall. Now she is a college dropout—not for academic reasons, but for reasons of lack of financial support. Now she's working in a cafeteria in her hometown. Higher education for her, the outstanding student in her class, has been curtailed because of lack of financial aid.

We can cite other cases similar to this one, but because of time I think this would not be appropriate at the moment.

Mr. Chairman, these reports that have come to us from all over the country have deepened our belief that the time for action to

make it possible for these students to go on into the avenues which allow them to work to the fullest of their potential is now. We urge this subcommittee and the full Senate to give careful and due consideration to the bill under discussion and to take prompt action to enact it in order that these students about whom we have just talked will find that there is hope for them in this great and good land of ours.

To further make our presentation I would like to introduce Miss Carolyn Steel of the St. Louis Park High School, St. Louis Park, Minn. Miss Steel?

Senator MORSE. Before we hear Miss Steel, Dr. Cottingham, I want to thank you for your testimony this morning which I think can be described as powerful. The data that you have described in your testimony this morning, in my judgment, is bound to have great effect on the subcommittee. It shows the need for counseling. What your counselors have reported for the benefit of the subcommittee with regard to these students should have great impact. What surprises me in the data presented in the testimony is the number of high school students reported, who apparently show no indication that they have a particular interest in going on to college.

I don't know what percentage of such students have the ability to go on to college, but I suspect that there are a large number of them who would profit by further education. Therefore, it seems to me that the testimony indicates something that you yourself did not stress and which I think makes your testimony that much more important to the subcommittee. It shows the need for counseling services. The very great need for counseling.

Counsel has drawn to my attention your paragraph which reads:

We ask the counselors in the high schools represented in this survey to indicate to us what percent of their graduating seniors were not continuing their education but who were definitely academically able to pursue this kind of experience.

That is the point I was looking for. These groups represented 16 percent of the students in the group surveyed. This paragraph goes on:

Here again, there was a great range of loss of talent. Some secondary schools counselors estimated that as high as 50 percent of their graduating seniors who they felt could profit from post-high school education are not going on with their education.

If there ever was an understatement of need for counseling services assistance in an education bill, that is it. I do not know how you can have made your point by an understatement more eloquently. Certainly we have an interest in these students for their own sake. For their own sake they need counseling which would change that 50 percent to a far lower percentage. To encourage those who have the ability to carry successful college work to want to. That is the problem, creating the want on their part, the desire on their part to continue their education. We cannot be satisfied to content ourselves with a no-care attitude toward the student and say that the individual must suffer the consequences of an uninformed decision. The students are not the only ones who will suffer the consequences. The country will.

The problem today is that the country is suffering a consequence more costly to the society as a whole than, in a sense, is adversely affecting the individual students themselves. We cannot afford any longer to have 50 percent of any high school class that has the ability to go on to college not go.

I would put it, for purposes of emphasis, on the basis of the responsibility that a citizen owes to the society which makes it possible for him to have the opportunity to live in a land of freedom. He has a citizenship responsibility which is owed. It cannot be forced on him, it cannot in my judgment be required successfully by law. It must be done through enlightening the individual. The facts are here, in my judgment, which will persuade the overwhelming majority of students, if you can get the facts into their heads as to, first, what they lose personally by not developing to the maximum extent possible, in an age of automation, their intellectual potential and their potential in skills, and second, that they owe a duty of development also to their country.

That is the job the counselor has, I think, and I think the very dramatic evidence that you have given us this morning implies this. You have given it to us in a statement that is characterized by understatement, and I thank you very much for it.

(The prepared statement of Dr. Cottingham follows:)

PREPARED STATEMENT OF HAROLD C. COTTINGHAM, PRESIDENT, AMERICAN PERSONNEL & GUIDANCE ASSOCIATION

Mr. Chairman, I am Harold C. Cottingham, President of the American Personnel & Guidance Association and professor of education at Florida State University.

The American Personnel & Guidance Association is a professional association of more than 17,000 members representing guidance and personnel activities at all educational levels and in community agencies and employment service. On behalf of our members I would like to thank you and the members of the committee for holding open the opportunity to testify on S. 2490, the Higher Education Student Assistance Act, presently under consideration.

I am also pleased to be able to appear today as part of a panel. The other members of this group represent some of the best of the APGA at work in the Nation. One is Miss Carolyn Steel, who is a counselor in St. Louis Park High School, St. Louis Park, Minn., whose statement appears with mine and will comment after my brief remarks. Miss Steel is chairman of the College Admissions Procedures Committee of the American School Counselor Association, active in the work of the Association of College Admissions Counselors and a frequent contributor to the literature in the area of college admissions. The other person with us is Mrs. Josephine Ferguson who is director of student services at Valparaiso University, Valparaiso, Ind. Mrs. Ferguson has had wide experience in the area of financial aids work in higher education and is active in many State, regional, and national activities representing this field of work within the guidance and student personnel profession.

The American Personnel & Guidance Association has just completed its national convention in San Francisco, Calif. There was a considerable interest at this meeting concerning current legislation now pending before the Congress. Two areas particularly brought out more discussion than any others. One was the Economic Opportunities Act and the other was the Higher Education Student Assistance Act of 1964, S. 2490, introduced by Senator Vance Hartke of Indiana, about which we appear before you today.

It was out of this interest plus an intense concern for the development of students that our senate, which is our highest elected and representative body, voted unanimously the following resolution:

"Whereas the welfare of this Nation is dependent on the amount and quality of the education of its people; and

"Whereas, there are many talented youth in need of, and desiring, a college education but are unable to obtain such without financial assistance beyond that available from personal and family resources; therefore, be it

Resolved, That the Congress of the United States be urged to pass legislation to provide financial assistance to qualified college students in need of it; and be it further

Resolved, That the forms of financial aid should include scholarships, loans, work-study programs, and commercial loan guarantee programs; and be it further

Resolved, That the regulations pertaining to such financial aid programs to college students should be sufficiently flexible that a college financial aids officer could use discretionary judgment in use of the several forms of financial aid for any given individual student."

Mr. Chairman, these are not empty words that grew out of some quick action at our convention. We had more than 5,000 members of the association from all over the country, indeed the world, in attendance. They wanted to state again their deep and continuing feeling of the increasing need for expanded opportunities for financial aid in higher education. This association has been on record for a number of years favoring similar programs to this. We are no late-arriving supporter in this field. Our support for broad opportunities in post-high school education is deep and sincere. This year our association reiterated its stand unanimously in this regard. Our membership showed itself to have this great concern and when they knew of our possible testimony here before this committee they wanted me to express especially their strong feeling about the need in the small towns, the rural areas, and the villages, as well as the big cities of this country, for an expanded program of financial aid to assist those students who can well profit from that opportunity and in turn to strengthen the Nation that needs their talents.

Our membership is represented here by Miss Steel and Mrs. Ferguson as they work directly with students. They know and understand student problems. They want to help them, but like any others who work alongside the Steel's and Ferguson's, they can only do so much. The National Defense Education Act loans have helped. They have broken the ice. They have given a great new hope to a large portion of young people who certainly would not have gone on to higher education had not this channel been available to them. In the final analysis, though, National Defense Education Act loans are not enough. They represent but one dimension to a multidimensional problem. National Defense Education Act loans have helped though to alert the country to the great need that the Congress in its wisdom sensed in 1958 when this bill was passed originally. Now there are growing sources of non-Government financial aid available that were not available before 1958. These are in my estimation an almost direct outgrowth of National Defense Education Act stimulation. Beyond this, though, there is a great need for a broad, flexible approach to the problems that students face in considering and carrying out long-range programs of post-high-school education. Decisions on this matter are not made quickly; many years of planning must go into them. We need, as embodied in S. 2490, a long-range program that students and counselors can count on, that offers them a broad-based program reflecting the Federal and national interest in their welfare. Our association wholeheartedly endorses and supports the principles and ideas of this bill.

Mr. Chairman, with your permission I would like to comment briefly on a matter not taken up directly in this bill, but one closely related to it. This is the matter of counselors working with these students in secondary schools and in post-high-school education with respect to their entire range of developmental plans a part of which is the important matter of financial aid. The effectiveness of this bill, if it is enacted, may depend in large measure on the effectiveness of the counselors in the schools, the business colleges, the technical institutes, colleges, and universities. There are still too many schools that do not have qualified and well-trained counselors to help carry out a program of identification and encouragement of all youth who can extend themselves to the highest level of their potential. It would be in some ways an empty enactment to provide student financial aid funds if we still continue to fail many students who simply are not identified and encouraged through the adequate work of counselors, who seek out and encourage these able students. These are the people who are primarily responsible in the educational programs for making sure that students are aware of these opportunities and of the long-range financial hope for them in planning post-high-

school education. It would be indeed shortsighted to open up one program of opportunities without providing the accompanying personnel support for that activity. In short, I would like to call to the committee's attention the need for companion action to enlarge the base of support for counselor education programs and activities of State aid as now embodied in title V of the National Defense Education Act. We need additional extension and enlargement of this area of Federal legislation as we have called for in previous testimony before this committee.

When the American Personnel & Guidance Association learned of the opportunity to testify on this bill, we thought the committee would like to hear the fresh voice of counselors and students at the grassroots. Your deliberations, we felt, would be helped if we could somehow go out to even a small number of people who are working with students in trying to get their opinions as to several significant items at issue here. With this in mind, we set out in late March to conduct a very modest survey on the post-high-school plans of June 1964 graduates in a wide variety of secondary schools around the country. We sent out questionnaires to 160 high schools. They were filled out by the school counselor. As of yesterday we had heard from almost 130 or 80 percent of the secondary schools with whom we had communicated. We have had a very warm response on this from the counselors that we sent this selected questionnaire out to. This survey went to widely scattered parts of the country, to small high schools in the Northeastern United States to large consolidated high schools of 1,000 or more students in the Deep South; it went to middle-sized high schools in the Midsouth and the Midwest; it reached the rural schools and Indian schools in the Plains States and several metropolitan high schools in the Northwest. Let me say clearly to the committee we do not say this small sample is representative of the entire Nation. It does represent a very small regionally selected group of schools reached in the quickest way possible. The schools in which we were concerned had in their June graduating classes almost 39,000 young people who were preparing to leave their required secondary educational programs. Some of the items in this survey were of broad concern to the association in other testimony we have in preparation but I would like to if I may highlight some of the significant results that bear on the legislation under present consideration.

Of those schools that we looked to in this survey we found that about 48 percent of the graduating classes, expect to go on into some form of post-high-school education. The range though is highly significant for the committee's consideration. The range of young graduates going on to higher education went from a low of 5 to a high of 70 percent. Many high schools reported 5 to 10 to 20 percent of their high school graduates going on to higher education. In some of the more affluent areas on the other hand we found that it was not unusual to find a high school with 60 to 70 percent and sometimes more of their high school graduates going on to post-high-school education. The point that was reinforced here in up-to-date terms is that there is a tremendous difference in terms of the needs around the country in light of varying school populations and local economic conditions. This great variety is recognized in the flexibility we see emerging in this legislation.

We asked the counselors in the high schools represented in this survey to indicate to us what percent of their graduating seniors were not continuing their education but who were definitely academically able to pursue this kind of experience. This group represented 16 percent of students in the group surveyed. Here again, there was a great range of loss of talent. Some secondary school counselors estimated that as high as 50 percent of their graduating seniors who they felt could profit from post-high-school education are not going on with their education.

A significant corollary of our inquiry relates to this 16 percent of able students not going on into post-high-school education; that is, of this 16 percent more than 25 percent were not going on with their education directly because of financial need.

In short counselors responding to this survey who are working day by day with these students clearly recognize that there is a substantial percentage of young people in this year's graduating class who will not go onto post-high-school education because of financial need and for no other principal reason.

We asked counselors to indicate the kind of aid of most help to able students not going on to post-high-school education. They ranked the aid for these students in this order:

- (1) Scholarship.
- (2) College work-study.
- (3) Combinations (of aid).
- (4) Government loans.
- (5) Guaranteed commercial loans.

We asked those included in the survey to indicate how seniors from low income families, those with less than \$3,000 per year, would react to various forms of aid compared with higher income families. The responses were:

- (1) Students from lower income families are much more likely to accept scholarships or work-study help than students from high-income families.
- (2) Students from lower income families are less likely to accept Federal loans or guaranteed commercial loans than students from higher income families.

It seems clear to us on the basis of this limited study that for low income students that fall within the poverty range recognizing regional differences, of course, we are going to have to make available much more money in scholarship and college work-study programs to attract these young people into further educational programs.

I would like to close this review of our survey with several comments that seem to come very clear through the analysis we have made of the returns.

(1) There are tremendous differences among high schools and their graduating classes in the country. Some schools indicate that they really do not need additional financial aid. Others indicate that almost none of their graduating class can go on to post-high-school education unless additional financial aid is made available.

(2) It seemed clear to us in our analysis that no one plan—loans, scholarships, college work-study, whatever—will work sufficiently well to meet the needs all over the country. There are great differences in regional views of certain aspects of financial aid. For example, in New England we found a very definite distaste for using loans for higher education. It was indicated there that borrowing was not the way to finance a program of post-high-school education. We did not find this same feeling to be true in some of the hard-hit poverty areas in the Appalachian region or in the West or Midwest. The point I would like to emphasize and underscore here is that the kind of program available in this present bill is so badly needed because it offers a variety of help that would reach the great variety of needs in the country. One kind of program is not sufficient regardless of how large it might be.

Finally, I would like to share with the committee some of the comments that came into us from counselors responding to our questionnaire. I wish it were possible for me to relate to the committee each of the responses received when we asked the school counselor to indicate an illustration of a student in financial need in his school. Here are some of the comments I believe the committee will be interested in.

From a counselor in upstate New York:

"We have a senior girl who had demonstrated a tremendous interest in higher mathematics and electronics. She had gone through high school in a special academic honors course and gave every indication of highly superior ability. The family during the girl's junior year was in a costly automobile accident in which her father was killed. At this point the girl has completely abandoned college attendance because of lack of financial aid."

From a counselor in the depressed mountain areas of the Appalachian regions comes this comment:

"An 18-year-old girl is in the June graduating class. She is neat, attractive, and qualified to pursue any number of highly competitive professional field. Her father is an alcoholic and has not lived with the family for years. The mother, trying to manage with three other brothers, has struggled greatly to encourage the very capable daughter to just complete high school. This student is highly accomplished in the arts, expresses herself exceptionally well with foreign language, and has talent in designing and other creative areas such as music. At the present time her outlook is dark and she will have to take a low-paying job in the home community because of lack of financial help to go on to higher education."

I'd like to read to you for the record the comment from this counselor with regard to her students:

"Our students—in the depressed mountain areas—are interested in education and don't ask that it be given freely. They are willing to work without question and are willing to obligate themselves for the future in order to obtain a loan. A loan for \$300 when it costs \$500 a semester at a school is not much help to many of these students. Many of them have to have the full \$500. I don't know what I would give to have enough money to set up a loan fund for this county and these students who need help now and will gladly repay later."

From Pennsylvania comes a comment about an outstanding student in the upper 20 percent of her class, accepted by several colleges and interested in a career in teaching or social work:

"Because of other children in the family which are deemed more deserving than her by the parents this student will accept local employment after graduation rather than continuing her own education."

From New England we receive word of a boy graduating in June:

"He has had an outstanding high school career and has excelled in all academic courses. He ranks first among the 78 graduating seniors in the particular school in question. Will he go on to college? No, because of the extremely low economic status of his family he will not be able to continue his education without major amounts of financial aid."

From another Pennsylvania high school comes this word:

"A senior girl ranking 58th out of a class of 1,000, editor-in-chief of the school newspaper who has worked part time for several years to keep money for current expenses. Her program—work, following graduation, because of lack of financial need."

From a Northwestern State:

"A transfer student from a farming area with a grade point average of B-plus, including A's in biology, German, talented in music, outstanding in band and orchestra. Her plans—to go on into nursing, but the choice of this ultimate goal will not be accomplished because of lack of financial aid and her plans now will be to take a local program leading her into some less fulfilling opportunity that is available locally."

From the Southeast, we received this word:

"A young man who is an outstanding student in high school, active in the athletic program and recipient of the highest honors in the school. His father is a tenant farmer and he will be unable to continue his education unless he gets financial aid; and the counselor comments that he is typical of many of the students in his school."

From a counselor in the South:

"We hear of a Negro girl who had dropped from school in the 11th grade but returned during the campaign last fall. There was no father in the home and the mother had passed away. During her school years she had exceptionally high marks in algebra, Latin, biology, physical science, physics and geometry, and other areas of higher mathematics. She is undoubtedly among the top 5 percent of the students in the Nation but will not follow her indicated career in the social sciences because she does not see the opportunity available to her for financial aid to extend her educational level."

From a counselor in a school in a Plains State:

"This is about eight boys, all capable of higher education, in this particular small town who did not go on into higher education directly because of financial need. Five of the boys have now entered military service and three are working at low-paying, unskilled labor jobs in the community because of lack of other available assistance. In communities such as this, the counselor commented, it is not uncommon at all for these students to receive as low as 65 cents per hour working in gas stations or in other unskilled jobs."

From another counselor:

"A report of a student of Indian and Spanish descent who is outstanding in his academic program and has been an active participant in band and athletics. He has a strong desire to continue his education in keeping with his academic ability. He is one of a large family where the financial burdens are heavy. The family is unable to provide any support for the boy's continued education. Unless he receives 100 percent support through scholarship aid, he will be unable to continue his academic program."

From a large Eastern metropolitan center:

"A girl graduated in January of this year who had an outstanding high school record who is now employed as a telephone operator. She had hoped

to enter college and prepare for a career in teaching. Her family, a mother and four small children with no father in the home, had absolutely no support aside from public assistance to help toward a program of higher education. This girl is now engaged in learning a new occupation which will most likely soon lose its appeal for her and the teaching profession will likely have lost a very likely candidate."

I could go on with case after case like these. Let me close though by relating one final comment from a Midwestern school:

"Here the valedictorian in last June's graduating class was unable to continue in higher education because of dire financial need. The father was heavily in debt and out of work for long periods of time. Financial burdens and worries on them created a situation where the daughter with maximum effort attended one semester of college last fall. Now she is a college dropout. Not for academic reasons, but for reasons of lack of financial support. Now she's working in a cafeteria in her hometown. Higher education for her, the outstanding student in her class, has been curtailed because of lack of financial aid."

Mr. Chairman, these reports that have come to us from all over the country have deepened our belief that the time for action to make it possible for these students to go on into the avenues which allow them to work to the fullest of their potential is now. We urge this committee and the full Senate to give careful and due consideration to the bill under discussion and to take prompt action to enact it in order that these students about whom we have just talked will find that there is hope for them in this great and good land of ours.

Senator MORSE. Miss Steel, I am very glad to have you here.

Miss STEEL. Thank you very much, Senator Morse. It is a real privilege to be here.

I think you picked up the very point that I would like to stress the most. I think there are many students who can use financial aid—they are not now receiving it. There are two kinds we are particularly concerned about and they would be the type of students you were discussing.

The point that I would like to make about this student is that he makes decisions about this sort of thing very early in his career. I think most students make these decisions in the ninth grade or eighth grade, at the times they choose what kind of high school program they will follow—they set the level of their aspirations—how high they are going to work—whether they are going to work at jobs that are most satisfactory at the moment. This time in their lives is very crucial and I think many of these decisions—the students in the deprived areas with deprived backgrounds—economically and culturally, desire this and this is an irreversible decision. They do not see these things as inflexible decisions. They end up deciding in the ninth grade, well, that is too hard for me, I can never afford it, I might as well give up on the whole thing right now.

The major impact of this bill would have seems to me for this kind of student is that it provides money for a significantly larger group of students and provides it in a long-range basis instead of a short-term kind of basis that we have. This enables the junior high school counselor to be able to give some assurance to the students that this counselor really has not felt that he could offer up to now.

I would like to tell you about one of the students that I have in my testimony.

Senator MORSE. I shall put your entire statement in the record. (See p. 639.)

Miss STEEL. Thank you.

I have prepared three case studies in some detail because I would like to emphasize the point that I think these students are concerned

about—they are concerned about their futures. They are not unthinking or uncaring and they do try to plan in what they consider to be the best manner they can in their circumstances. I think frequently we look only at the surface of their problems and of their reactions rather than at the depth of their problems.

I would like to tell you about a girl who is a ninth grader in Minneapolis this year, the oldest of four children. Her father and mother were divorced several years ago. Her father left town and stopped making child support payments 2 years ago. Her mother is a waitress and she has a lot of responsibility at home. The girl's family has lived in 15 different houses in the past 3 years and she has attended school in 11 different school systems in the last 8 years. On tests of scholastic ability, this girl scores in the top 15 percent of ninth grade students in Minnesota. She thinks that she would like to go into a college program in medical technology and she has a plan for accomplishing her goal. She has applied for admission to the secretarial program at vocational high school where she will get excellent training. She could get this training in the high school she would ordinarily attend, but at vocational high school she will be able to work half days in an on-the-job training program in her senior year and begin earning money sooner. By taking this extensive business program, she will not have time to take all of the science courses she will need though for medical technology, but she thinks that she can take some of this work in night school after she begins working. She thinks that much of her income from a secretarial job will be needed by her family but she plans to begin saving and eventually go to college. Her mother is quite supportive of her plans and has encouraged her to go ahead with them.

I think this case illustrates the major point that I would like to make, that these students, they have hope, they do have plans, they do try in the best way they can, and secondly, the decision is an early decision and needs early counseling and early assurance that there will be hope for her to go directly to the college instead of this long-range inefficient method that she has planned.

I would like to finish the statement, then, by saying that additional financial aid would help all three students that I have discussed in the testimony but with only a small piece of the many problems they face.

They are a part of our need to conduct a war on poverty and on what Secretary of Labor Willard Wirtz calls a war on ignorance.

In an address by Secretary Wirtz he pointed out that there are about 11 million youngsters in this country today who are members of families whose annual family incomes are less than \$3,000.

We in counseling and in education must willingly continue to undertake the constant, painful process of evaluating our ways of teaching and treating these students and to be creative in our search for putting our new understanding into direct and affirmative action in both high schools and colleges. It seems to me that we must be very sure that our college programs are really going to meet the needs of these students and of our society. As I consider the chaotic process by which most students move from high school to college, I am sure that there is much that we can do to ease this transition. We must start earlier and have more help for students at both the high school

and college levels. Reduction of the college dropout rate is one of the major educational problems of our time and I believe the transitional problems of students are one of its major causes.

The broad and flexible financial aid program established by S. 2490 will not only assist in these transitional problems and give students such as those I have described a more sensible and efficient means of long-range planning for college, but it is also a very meaningful expression of the faith of our society in its young people and an expression that the adolescents of our day yearn for and need. Thank you.

Senator MORSE. Thank you very much for this testimony and for the case studies you presented.

I am going to ask you one question for the record.

I have found in my work on this subcommittee and on other committees, too, that although testimony such as you have given this morning is very powerful, there is for the legislator who is not enthusiastic for the bill, a temptation to raise the objection that on the whole, the examples given are difficult cases. They also are exceptional cases. My questions are put to you with reference to the girl called Shirley. My questions are: On the basis of your work in this counseling field, are the cases of the Shirley type countable in the thousands? Do they represent a quantity package that is very large that you have selected to illustrate the pressing need for assistance to the many "Shirleys" across the country?

Miss STEEL. Yes, that is true. I would not have any specific figures, but every high school counselor that I have talked with about this in the city of Minneapolis, for example, was able to think immediately of many students who fit into this kind of category and I chose from many case studies that were presented this case.

Senator MORSE. Let us review the figures from Dr. Cottingham's testimony. He indicates that in many of the high schools under consideration, as many as 50 percent of the graduates did not intend to go to college. I had suggested that number could be greatly reduced if adequate counseling services were made available to the student. Counseling would enable these youngsters to see what they are losing as a result of their tentative decision not to go to college. Let us take Dr. Cottingham's 50 percent figure, or 10 to 50 percent, whatever the exact figure is, taking high schools throughout the country as a whole, considering students with college ability who do not intend to go to college. His conclusions would involve many thousands of students, would it not?

Miss STEEL. They would.

Senator MORSE. What percentage of these thousands of students do you think would fall within the categories illustrated by your case histories involving students who would go on to college if they had two things: First, adequate counseling; and second, some financial assistance that would make it possible for them to go?

Miss STEEL. I would not have any figures to back up an answer, so it would be a matter of opinion, I think, and we could perhaps try to collect some data to assist in this matter for later presentation.

Senator MORSE. Your judgment will suffice.

Miss STEEL. In my judgment, half the students, the kinds of students that I have talked about would—I mentioned the kind of students that I think fall into the 50 percent of the group Dr. Cottingham

talked about. The other 50 percent of the kids who gave up a long time ago and who need to be reached in many more ways—direct financial aid. I hope I am answering what you are asking. Direct financial aid with adequate information about financial aid—this kind of counseling I think would assist with at least half of the kinds of students that Dr. Cottingham is talking about.

Senator MORSE. I think you have answered my questions, but I want to tie the points down as exactly as I can. Would you say that these students who are planning not to go on to college—although they have the ability to go on to college—have reached their tentative decisions because they haven't had either the help of counselors or assurance that they can receive financial help to meet their bills through scholarships or other financial aids and that in this group across the United States there are many thousands who could be saved for college work if we could supply them with counseling and supply them with financial assistance?

Miss STEEL. Many thousands.

Senator MORSE. That is the point that I want to make. We are not dealing here with an "exceptional Shirley case" in this school or that school or another school. We are dealing with an exceedingly large number of students, who, in effect, as I put it on another occasion, were cheated out of a college education because we are not giving them the counseling assistance they need and we are not giving them the financial assistance they need. Do you agree with that?

Miss STEEL. I agree with that.

Senator MORSE. Thank you very much.

(The prepared statement of Miss Steel follows:)

PREPARED STATEMENT OF CAROLYN STEEL, AMERICAN PERSONNEL & GUIDANCE ASSOCIATION

Mr. Chairman, I certainly appreciate the opportunity to submit this statement with the testimony of President Harold C. Cottingham of the American Personnel & Guidance Association. It is a rare privilege for a high school counselor such as myself to appear in such important national deliberations.

There are two aspects of the Higher Education Student Assistance Act, S. 2490, that are particularly important to me as a high school counselor. One is the greater flexibility provided in giving financial aid to students. I find that most students welcome the opportunity to assume personal responsibility for their education through jobs and loans. I hope that colleges will be able to provide some aid to the student who wants to assume this responsibility for himself even though his parents do not. Parents in low socioeconomic brackets are sometimes reluctant to accept loans for anything as foreign to their experience as a college education, although they are likely to be much more accepting of Government loans than those of banks or commercial loan companies.

The extension of the use of National Defense Education Act student loan funds to junior college and technical school students increases the flexibility we have in helping those students who can best profit from this education to make their plans. In addition, it assists in giving these programs the respect and status they so rightfully deserve. The work-study provisions of the bill are aimed at the upper classmen and allow him not only to assume more responsibility for his own education, but also to contribute to the education of other students through his work for the college. The loan insurance section of the bill offers both greater opportunity to the student who has enough financial backing to begin the immediate repayment that a commercial loan demands, and also provides protection from those financial organizations that would take advantage of him. The student most likely to benefit from this part of the bill is the one who will attend a private college where his expenses may be somewhat greater.

In providing more flexible aid to different types of students and in the increase in the amount of money made available to colleges, I find the second aspect of

the bill that I think is particularly important. It provides a major impact on the problem of meeting the needs of many more students. To high school counselors, this is a crucial factor. There are two kinds of students about whom we are particularly concerned and for whom greatly increased amounts of financial aid will have real significance.

One kind of student is the youngster who has demonstrated better-than-average ability to do college work but who has real financial need. He is now being eliminated in the competition for financial aid which usually goes to the very high-ranking student. This is the student who is well motivated to attend college and who used to work his way through. Now, however, he is caught in a squeeze between the rising cost of attending college, the increasing amount of time demanded for study and classwork, the rapid disappearance of part-time jobs at his level of unskilled labor, and the standards for selection of recipients of financial aid.

Even though he is aware of these factors, because his motivation is so high he frequently goes ahead and begins his college work, trying to cope with the situation. But the squeeze frequently forces him out and he is soon a member of the college dropout group. Sometimes it is his physical health that has given out, sometimes it is his academic record that has dropped to such a discouraging level that continuing seems impossible, sometimes it is his mental health that can't tolerate the strain and frustration any longer, and sometimes he just doesn't have the money to pay for tuition and for food. Again, this is a student with above-average ability to do college work and for whom there should be every reasonable expectation that he could finish a 4-year program.

A high school counselor faces a tough problem trying to help this student plan his course of action. You know that his chances of making it are slim and yet you can't discourage him when he wants to try. You just hope that the effects of the struggle will not be too permanent and that his frustration with himself and his society is not too damaging. For this student, the one factor of increased financial aid will do a great deal to ease the pressures on him and should contribute significantly to his ability to remain in college.

The second kind of student is one for whom financial aid is just one factor in his problems of attending college, but it is an essential prerequisite to even beginning to work on the rest of them. This is the very capable child from a deprived or economically underprivileged background. For him going to college is an experience with which he has little means of identifying himself. He is faced with almost insurmountable problems in dealing with the necessities of life. College is little more than a far-off vision some teacher or counselor conjures up now and then, and his inevitable first reaction to the vision is "Where would I get the money? I could never afford to do that."

The rejection of any such idea for the deprived student usually comes when he is in the eighth or ninth grade, as does the decision about attending college for most students. Decisions about dropping out of high school, about the types of high school programs and about the quality of academic work aspired to are pretty well set at this point for most students. These are frequently decisions that the deprived student sees as irreversible because he hasn't enough security to tolerate flexibility or a concept of alternate choices. His plans are usually rooted in tangible discouraging reality. To be able to make attending college something that he can dream about, much less plan for, the junior high counselor has to start with the answer to the question "Where would I get the money?"

The assurance that there is money, scholarship money and perhaps a small amount of loan money that he can take himself, for the student from this kind of background, at least would open the door for him so that he can begin to deal with his problems of self-confidence and motivation if he is really to be able to go to college. The junior high counselor needs to be able to tell him that we recognize his deficiencies in study skills and cultural level, as well as his lack of time to study and that he will not be eliminated from the competition because of them. These promises can be made if we provide assurances of financial aid for a significantly larger group of students far in advance of graduation days.

I'd like to tell you about three Minneapolis youths. I am sure that you could find their parallels in many other places. Their stories illustrate many of the ailments of our society—poverty, illness, broken homes, unemployment, and extreme family mobility. Yet all of these kids have shown that they somehow have a glimmer of hope for themselves.

Judy is a Negro girl who graduated last year, ranking in the top 10 percent of her class. On scholastic ability tests, she scored around the 60th percentile of college students. She was active in several school organizations. She is an only child with a stepfather who left the family when Judy was 9. Within the next several years her mother was in the hospital with a nervous breakdown, and the father quit providing support, so the mother and girl received funds from aid to dependent children. Judy wanted to go to college, but there were no funds available until the very end of the school year when she was awarded one of two \$250 scholarships from the local school scholarship fund. Attending the University of Minnesota would cost Judy around \$700 if she could live at home free of charge. She knew that this would be difficult when the ADC support ended, so Judy decided to work full time and begin her college work in night school. Judy wants to go into psychology or perhaps a prelaw program. Either field will take 6 or 7 years of college. So, she has begun with one course. Judy did not get a scholarship from the university because her record did not meet the competition for the limited available funds. Due to the increased allotment for National Defense Education Act loans received by the university, she probably could get a loan for next year, but she is worried about taking a loan and the possibility that she will need to support her mother, so she thinks that she will work another year and try to save some money and continue with night school. One can guess that she will give up her ideas of going into a field that takes 6 or 7 years and settle for something less. She probably will also find it hard to give up the security of a full-time job for the financial insecurity that goes with full-time attendance at college. Funds from S. 2490 might make Judy a full-time college student and make another job open for someone else.

Next I would like to tell you about Allen. Allen also graduated last June, ranking in the top 15 percent of his class and getting test scores that put him in the top one-fourth of college freshmen in scholastic ability. He wants to be an engineer, so he entered the Institute of Technology at the university last fall. The first quarter he worked part time to pay for his tuition and books, and his family paid the rest of his expenses. At the end of the quarter, his grades were barely satisfactory, so he decided to try a quarter of not working to see if he could improve them. His stepfather, who worked in the iron mines in Minnesota until 2 years ago, when his job disappeared, took a second job in a filling station this winter, so there was a little more money available. Allen is the oldest of four children, and his parents are determined that he will go to college, so they are scrimping and saving every cent they can to see him through this year in the hope that he might get a scholarship next year. Allen was on the tennis team in high school and was good enough to hope to get an athletic scholarship after 1 year, but his first-quarter grades make him doubtful about this now. The family financial pressure makes him think that he should go back to a part-time job if he can find one rather than going out for tennis. When talking this situation over with the high school counselor on a visit to the school several days ago, he indicated he was discouraged and said that he had been thinking about working full time next year instead of trying to go to school under such pressure. Allen was not eligible for any of the limited financial help last year. Again, he probably could get a National Defense Education Act loan for next year, but when Allen talked it over with his stepfather, who is feeling the insecurity of his job situation, he didn't think that he could endorse it for Allen. Allen respects his stepfather's opinion, so he didn't argue although perhaps when Allen talks of leaving school, his stepfather will change his mind.

I might point out that either of these young people might have applied for admission and financial aid at any one of a number of private colleges and possibly received a substantial amount, although there are relatively few students who get enough aid to cover the complete cost of attending college. But to students like Allen and Judy, choosing a college is not just a matter of money. It is also a question of their concept of themselves as persons, and these students are very uncertain of their ability to live and study with other students who can afford to pay the higher costs of attending most private colleges. These students frequently feel more capable of dealing with college in a situation close to home and where they think that there are other students with backgrounds similar to theirs.

Shirley is a ninth-grader who is the oldest of four children. Her father and mother were divorced several years ago. Her father left town and stopped making child support payments 2 years ago. Her mother is a waitress, and Shirley has a lot of responsibility at home. Shirley's family has lived in 15 different houses in the past 3 years and she has attended school in 11 different school systems in the last 8 years. On tests of scholastic ability, Shirley scores

in the top 15 percent of ninth-grade students in Minnesota. She thinks that she would like to go into a college program in medical technology, and she has a plan for accomplishing her goal. She has applied for admission to the secretarial program at Vocational High School, where she will get excellent training. She could get this training in the high school she would ordinarily attend, but at Vocational High she will be able to work half days in an on-the-job training program in her senior year and begin earning money sooner. By taking this extensive business program, she will not have time to take all of the science courses she will need though for medical technology, but she thinks that she can take some of this work in night school after she begins working. She thinks that much of her income from a secretarial job will be needed by her family, but she plans to begin saving and eventually go to college. Her mother is quite supportive of Shirley's plans and has encouraged her to go ahead with them.

It is obvious, I think, that additional financial aid would help all these kids with only a small piece of the problems they face. They are a part of our need to conduct a war on poverty and on what Secretary of Labor Willard Wirtz calls a war on ignorance. In an address given by Secretary Wirtz and reprinted in the Occupational Outlook Quarterly, February 1964, he says, "There are about 11 million youngsters in this country today who are members of families whose annual family incomes are less than \$3,000. We must some way break the cycle of their disillusionment, and get through to them the fact that they can push open doors in what they know only as walls."

We in counseling and in education must willingly continue to undertake the constant, painful process of evaluating our ways of teaching and treating these students and to be creative in our search for putting our new understanding into direct and affirmative action in both high schools and colleges. It seems to me that we must be very sure that our college programs are really going to meet the needs of these students and of our society. As I consider the chaotic process by which most students move from high school to college, I am sure that there is much that we can do to ease this transition. We must start earlier and have more help for students at both the high school and college levels. Reduction of the college dropout rate is one of the major educational problems of our time, and I believe that transitional problems of students are one of its major causes.

The broad and flexible financial aid program established by S. 2490 will not only assist in these transitional problems and give students such as those I have described a more sensible and efficient means of long-range planning for college, but it is also a very meaningful expression of the faith of our society in its young people, an expression that the adolescents of our day yearn for and need.

Senator MORSE. Our next witness will be Mrs. Ferguson, director of student services, Valparaiso University. Will you proceed?

Mrs. FERGUSON. Mr. Chairman, I am very happy to be with you this morning. I thought that perhaps since you have heard so many facts and figures about the total deficit that the country faces both in the area of the public institution as well as the private institution, that possibly some facts and figures about the problems that one institution faces might bring some of this a little more clear to you.

We did a study several years ago because we were very much interested in knowing just what the purchasing power was of our particular students who really sincerely wanted to come to our type of institutions. We knew that there were problems, but we had no concrete information on how difficult these problems were.

We endeavored then to conduct the survey to determine the exact purchasing power of the families of our students. After gathering all the facts and figures on family income, assets, number of dependents, and all other factors that play into financial need, we determined that only 26 percent of the students who were presently attending our institutions were really able to be there; were able to be there without financial support. When we realized that we were only giving financial aid to 23 percent of our students and we assumed this 23 percent was in the 74 percent not covered by the ones lacking it, we immediately saw that we had about half of our students who were neither receiving

financial support nor were they adequately able to support their own education at the university. It was recognized as a very unhealthy situation, but we wanted to go further. We wanted to find out what increased costs would do to each of these families and how it would affect their future at the university. So we developed an equation which would extend the effect of such increased cost on these families and found out at different levels, as our enrollment increased and as costs increased, just exactly what the increased deficit need would be.

Of course, we found out that the total amount of unmet need increased in a large proportion and that we were actually going to take from our tuition income and put back into financial aid the amount of money we would need to help the student at this increased level of need that we would get some figures as high as 70 and 80 percent of the increased revenue that we would gain that would have to be thrown back into student help.

There are a number of conclusions that we felt were evident from this study.

In the first place, all colleges and universities must necessarily keep raising costs.

In the second place, institutions like ours were pricing themselves out of the market.

Third, as tuition is increased institutions are able to meet less and less of their increased need which they themselves have generated.

Fourth, the resources available are not keeping up with increasing costs.

I would like to point out that this survey did gain the attention of a number of institutions around the country and several of the colleges and universities have conducted a similar study and they have gotten some results. I think it is evident also from the study that was conducted by the University of Illinois that it is not just the private school problem but a public school problem.

We would next like to turn attention to the aspect of packaging which I think Mr. Hartke's bill covers. The advantages of packaging are certainly numerous and I think they are evident to all of you. By taking funds from several sources, the total amount available in each can be spread effectively. The student is assisted in such a way as to require him to help himself and not look only to others for support.

The method of packaging varies considerably and while some colleges place no emphasis on relative academic ability, others vary the size of the gift assistance with academic promise. The student who has a chance to do A work in college often is given a great amount of gift assistance as opposed to loan and job assistance while the student with lesser ability is forced to borrow and to earn a much heavier share of his total package and puts his academic future sometimes in jeopardy.

SENATOR MORSE. I appreciate your comment about the "C" student. I think that is one of our serious problems. When you come to the matter of student aid I do not think you should draw arbitrary lines between "A," "B," and "C" students.

One reason why a "C" student remains a "C" student is because he does not get the help that the "A" and "B" student often gets. But even putting that aside, I believe it is very important that we keep the

"C" student in college. The academic world needs to attend a few sawdust sessions in educational evangelism. We need some conversions to the cause of the "C" student. That is all I am going to say about it this morning. The time is slipping away. But I hope we will emerge with a bill which will not establish arbitrary standards to give advantages to the "A" and "B" student over the "C" student. Our objective is to keep everyone in college who can do college work. We then can let society be the judges of their ability when they get out into society. Many will be surprised I predict, as to what the "C" students accomplishes and becomes and what happens to the "A" and "B" student.

Mrs. FERGUSON. If we emphasize nothing else this morning, the fact that there is such great need at all levels of academic qualification in colleges, it is tremendously important.

Senator MORSE. I want to thank all three of you very, very much for this testimony. I shall place your entire statement, Mrs. Ferguson, into the record.

(The prepared statement of Mrs. Ferguson follows:)

PREPARED STATEMENT OF JOSEPHINE L. FERGUSON, AMERICAN PERSONNEL & GUIDANCE ASSOCIATION

Mr. Chairman and members of the subcommittee, I am Josephine L. Ferguson, from Valparaiso University, a private coeducational institution in northwestern Indiana. Valparaiso, affiliated with the Lutheran Church, Missouri Synod, has an enrollment of 3,100 full-time students. It is primarily devoted to the teaching of the liberal arts, with small colleges of engineering and business administration and a school of law. As director of student services, I have for 10 years administered the program of financial assistance and held additional responsibilities in charge of the university's admissions counseling and housing.

For the past 3 years, I have been a member of the special Commission on Financial Aid of the American College Personnel Association, a division of the American Personnel & Guidance Association, serving as secretary to that commission and a member of its steering committee. I have represented that association in the Joint Inter-Associational Commission on Financial Aid.

For 8 years, I have been active in the Scholarship Association of Indiana Colleges & Universities, an association of all accredited colleges and universities in the State, holding various offices on its executive committee and am presently in the first year of a 2-year term as its chairman.

I have served for 3 years as a member of the College Scholarship Service Committee of the College Entrance Examination Board and am presently serving on the membership subcommittee of that group. I have recently been asked to serve on a newly organized Advisory Group on College Scholarship Service in the Midwest.

I am a member of the Mid-West Association of Financial Aid Administrators.

It gives me considerable pleasure to have the opportunity to appear before you and to give direct expression to my hope for legislation which I have long supported.

My statement is in two parts. I shall first comment on a survey which gives clear evidence of the widening gap between educational cost and families' ability to pay and then describe the system of packaging aid now practiced by many colleges with its resultant advantages and problems.

HOW MUCH FAMILIES CAN PAY

It had seemed to me that families of Valparaiso students were running way behind in their ability to pay the cost of education. Daily incidents of students dropping out of school because of unsolvable problems, letters of cancellation from impoverished prospective students whose files showed a long history of decision to enroll at our university changed my reactions from concern to alarm.

In 1962 I felt I had to study Valparaiso families to assess their exact purchasing power for higher education. My survey also asked if families of students now

in college were under undue financial strain, and the impact that any further cost increases would have on enrollment trends. The survey sought data on family income and assets, the actual expenditures for students, and the parents reactions to these charges, and a description of the family sacrifices that present charges necessitated. The survey showed that only 26 percent of the families had sufficient resources to support their child's education without financial assistance. Since only 23 percent were receiving aid, and we assumed that they were among the 74 percent needing assistance, we knew that approximately one-half of our students had used some extraordinary measures and were (1) earning more than the expected \$300 summer savings, (2) receiving outside loans, (3) trimming campus costs of food, lodging, and other variable items, or (4) making other sacrifices. We determined further that at that time, with a budget of approximately \$2,000 as opposed to our present \$2,500, an income of \$12,000 was needed to support a student without aid.

Having established that Valparaiso families have substantial unmet need, we concerned ourselves with the impact which future cost increases would have on them. An equation was developed to determine the amount of unmet need introduced by various tuition increases and the proportion of new revenue obtained from tuition increases which would have to be applied to the aid funds to cover unmet needs.

Several conclusions were evident from this study:

- (1) All colleges and universities must out of necessity raise cost.
- (2) Institutions like Valparaiso are pricing themselves out of the market.
- (3) As tuitions go up, institutions are able to meet less and less of the increased need which they generate.
- (4) Resources available are not keeping up with increasing costs.

Since its publication in several educational journals, this study has been given attention by the press and by other institutions around the country. Using the formula developed, these institutions are arriving at the same conclusions. A similar study at the University of Illinois shows that the squeeze is on and the widening gap between cost and ability to pay is the plight of public as well as private institutions. (A report of this study is attached. Further information and supporting tables are available on request.)

PACKAGING AID

The advent of the National Defense Education Act and the public acceptance of borrowing which it stimulated made possible the proper climate for packaging financial aid. This practice of making each total award a combination of some scholarship, some loan and some job is now used widely and places great importance on the enactment of all parts of Mr. Hartke's bill, S. 2490. Thus, a student with a need of \$2,200 might be offered a \$1,500 scholarship, a \$300 loan and \$400 job.

The advantages of such a procedure are several. By taking funds from several sources, the total amount available in each can be spread effectively. The student is assisted in such a way as to require him to help himself and not look only to others for support.

But the method of packaging varies considerably and while some colleges place no emphasis on relative academic ability, others vary the size of the gift assistance with academic promise. Thus, a student mentioned above who is expected to make a B average may receive a \$600 scholarship, a \$1,000 loan and a \$600 job while the A student is asked to borrow and earn much less. The package of the C student who is expected to do satisfactory work and no more may contain little or no gift assistance. So the student least able to devote long hours to work and offering least promise of income to repay his loan may carry the heaviest burden.

Financial aid officers recognize this practice as undesirable but are forced to its use by a deficiency of funds to award. That this use of gift aid varies considerably from one institution to another was demonstrated in a survey of 30 colleges, mostly midwestern, completed last January. It showed that some had a sizable amount of assistance per student enrolled but a small average award per student aided, revealing their desire to spread available funds as broadly as possible. Others showed a less sizable total budget but a much higher average award per student on aid, evidencing their choice to concentrate funds available on top students. In either extreme, it was apparent that their practices were the result of an inadequacy of funds to meet demonstrated need.

This survey of 30 colleges also points out that the average gift aid available forces most colleges to put a disproportionately high amount of loan and job into all packages of the very needy. Among those students receiving scholarships, the average scholarship ranged from \$222 to \$1,435 with a mean of \$575. The total cost at these institutions ranges from \$1,900 to \$3,000 with a mean of \$2,500. Therefore, the average scholarship received was worth less than one-fourth of cost. In a hypothetical situation of a student wishing to attend a college with an average cost of \$2,500, with a family income of \$5,000, three children and no complications, the need would be about \$1,900. A \$575 gift would leave an additional \$1,325 a year to be earned or borrowed.

Even though the solution discussed above seems inadequate, it still precludes the availability of loan and employment possibilities. By the time the top, near top student have been aided, there is sometimes no help left for the average college-going student. It is this student who may not become a research scientist or a doctor but who may make an excellent teacher, nurse, social worker, or engineer.

It is the frustrating experience of most financial aid officers to see many of their efforts end in failure. Denied the college of his choice, the student may still be able to attend an institution of higher education. But the restricted choice which his financial situation imposes often obviates the opportunity for him to attend a college appropriate for his needs.

In describing the package, I have attempted to show that:

- (1) Present resources of scholarships, loans, and jobs are not now sufficient.
- (2) Packaging of aid is healthy but needs the stimulation this bill could give it.
- (3) Lack of financial resources is not only keeping qualified students from continuing their education but is also precluding their free choice of an opportunity appropriate to their needs.

Senator MORSE. We will have to close this part of the testimony so that I can, at least, start to hear the next witnesses and provide them with an opportunity to put their testimony into the record. Thank you very, very much.

The following letter from Mrs. Ferguson was subsequently received and is printed at this point by direction of the chairman:

SCHOLARSHIP ASSOCIATION OF
INDIANA COLLEGES AND UNIVERSITIES,
April 22, 1964.

Senator WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: Although I have long been aware of your interest in the cause of higher education, I had never previously dared to hope that you would be so interested in the experiences and convictions of any one individual or any one financial aid officer. My recent opportunity to appear before you has convinced me of your very humane concern for all of the young people whose futures present a daily challenge to counselors, like myself, throughout the country.

When I remember the fervent desire which I harbored for years, that I might have an opportunity to somehow talk to someone whose vote could be counted, I am embarrassed to remember how nervous and lacking in composure I became when I was before you. I do thank you most sincerely for the generous manner in which you received my testimony and for all of the tireless efforts you have made for this cause.

The enclosed letter is self-explanatory. I received it just yesterday and couldn't help thinking that you might enjoy sharing it with me. This is a young lady who is going to have college education in spite of all obstacles. It's one story that has ended in success. Linda will major in social work. Her father works in the steel mills in Gary and has an eighth grade education. He was, for a long time, unwilling to support a daughter in college at all.

Once again, I want to extend my warm thank you.

Very sincerely yours,

(Mrs.) JOSEPHINE FERGUSON,
Chairman of Scholarship Association.

APRIL 16, 1964.

DEAR MRS. FERGUSON: I just thought I'd drop you a line to thank you for all your help to get me to Valpo this fall. I got your letter about the financial aid. We were all happy to see it. Since I had arranged with Dr. Tangerman to earn \$400 instead of \$200 the whole amount adds up to \$1,100 financial aid. We figured \$900 more should cover the costs. Here I would like to relate to you what I think of as a miracle. I have \$200 in the bank and I expect to earn \$200 this summer at Buy Low. That left \$500 for my parents, which they couldn't pay. Well, hold your hat and get set to laugh but I'm now our church janitor. The first of April our janitor quit and my father and I took the job. We work Friday night and Saturday morning. We get \$100 a month or \$500 by September. God does truly answer prayers if we are willing to do our part. See what He can do.

I enjoyed your welcoming speech to the Journalism Seminar. I went to see you and say hello but you were in conference. I took the paper that I had to return to your office then. I hope you got it.

Thanks again for everything.

Always,

LINDA MUMMERY.

[From College and University Business, August 1963]

NEARLY EVERY COLLEGE, AT SOME TIME, WILL HAVE TO FACE THIS QUESTION—
WHAT HAPPENS WHEN YOU RAISE TUITIONS?

(By Josephine Ferguson, director of student services, Valparaiso University,
Valparaiso, Ind.)

Do you really know?

How are students and their families meeting the present costs?

What changes might be expected in the composition of the student body?

How much of the increased income would have to be spent on student aid?

Here's how one college sought to answer these and other questions.

Demand for the education of larger numbers of young people and the subsequent necessity for broad new plans of financial assistance have resulted at most colleges and universities in a financial aid program of a complex nature and an attempt to interpret, through the policies of financial assistance, the character and role of the university.

As is true of any fast-moving change, the integration of the function of the financial aid officer into the structure of university administration has been beset with adjustment pains. No agreement has been reached on an ideal alignment of administrative duties in this area of service.

To emphasize fiscal responsibilities to the neglect of a place in the total counseling program of the university is to miss a real opportunity of service to the student.

As the officer responsible for the disbursement of funds and for collection of tuition accounts as well as private and Federal loan accounts, the business manager has a justified concern in the policies that govern the awarding of financial assistance, the care taken in loan repayment counseling, and the records which, though presently part of the financial aid office, may become part of the permanent accounting record of the student. Close communication between the financial aid officer and the business manager is vital.

Conversely, before compiling the university budget, making recommendations on the size of tuition assessments to the board of trustees, or suggesting a budget that will be available for financial assistance to the students, the business manager will want to communicate directly with that university official who can most clearly forecast student reaction to any change in his financial obligations.

GIFTS, ENDOWMENTS LAG

As colleges move toward unprecedented enrollment growth and accelerate plans to accommodate the population bulge now reaching collegiate levels, income from endowments and gifts has not always kept pace with this growth, and the tendency has been to look, however reluctantly, to tuition increases to satisfy the immediate need for fiscal stability. Reactions to such an increase are varied.

ESTIMATES OF EXPENSES WERE HIGHER THAN THE ADMINISTRATION HAD SUSPECTED

For some the prestige of the institution is increased. The old adage is still popular: "You get just what you pay for." Others may demand upgraded academic standards.

But the reactions to this larger "price tag" which must be of most concern to the business officer and financial aid officer are the many implications that this cost increase has for the ability of the student and his family to pay for his education. They must attempt answers to such questions as: Will increased tuition change the economic and social character of our student body? Will our institutional "image" be served if fewer students of limited economic circumstances enroll? Will dissimilarities of geography and parental education offset the sameness of social background? Is sameness a disadvantage? Do we feel a responsibility for the education of the underprivileged, the talented students with modest means whose economic inability to go to college has so often been proclaimed a national disaster?

CAN FAMILIES MEET COST?

What is the financial strength of our student body? Can the families of our students meet this cost increase or will our net tuition income actually be reduced by a decrease in student population? Will large numbers of students withdraw in favor of a less costly education? Will we "price ourselves out of the market"?

How do the families of our students meet our present cost? What type of sacrifices are they making? Are they merely depleting assets accumulated for educational purposes and contributing a fair portion of income available, or are the fathers forced to acquire a second job, the mothers deserting the home to add to total income? Are they taking a second mortgage on their home? How severe is this sacrifice? If we were to attempt to relieve the most severe financial problems created by this increase in educational costs, what percentage of the added tuition income would need to be deflected to that need?

It was just this type of discussion and concern among administrative officers on the Valparaiso University campus that precipitated a study undertaken there recently.

The group at Valparaiso concluded that the questions posed here, which were of concern to the university, could be answered if three things were known: (1) The financial strength of the families of all students who were enrolled; (2) whether families with students now in college were under undue financial strain; (3) the impact that a hypothetical tuition increase would have on the decision of students from families of various economic levels to attend the university.

QUESTIONNAIRE SENT TO PARENTS

With the assistance of the college scholarship service and another institution that had conducted a similar survey, Valparaiso designed an anonymous questionnaire to obtain these data from the parents of all its students.

The survey sought data on family income and assets, the actual expenditures for students and the parents' reactions to these charges, and a description of the family sacrifices that present charges necessitated.

Surprisingly, 52 percent of the 2,790 families surveyed responded to the questionnaire. There was a similar percentage response from the parents of financial aid recipients and nonrecipients.

The responses to the questionnaire disclosed some interesting facts. The income range of Valparaiso families was much greater than had been anticipated. Almost 6 percent of those who replied indicated an income greater than \$25,000. And 42 percent of the parents reported incomes greater than \$10,000. (See table 1 on the opposite page.)

Parents' estimates of costs were higher than the university administration had suspected and higher than the figure the university was using as the basis for budgeting scholarship students. Since a substantial number of parents estimated actual expenses at more than \$2,200 when a cost figure of \$1,950 was being used by the university for computation purposes, serious consideration is being given to making a sizable adjustment beyond the routine cost-increase adjustment made annually.

TABLE 1.—Total annual family income before taxes and other deductions

Income	Aid (number)	Nonaid (number)	Total (number)
0.....	1	0	1
\$1,000 to \$1,999.....	11	7	18
\$2,000 to \$2,999.....	4	12	16
\$3,000 to \$3,499.....	8	13	21
\$3,500 to \$3,999.....	8	8	16
\$4,000 to \$4,499.....	15	17	32
\$4,500 to \$4,999.....	23	25	48
\$5,000 to \$4,599.....	24	34	58
\$5,500 to \$5,999.....	31	32	63
\$6,000 to \$6,499.....	39	40	79
\$6,500 to \$6,999.....	21	38	59
\$7,000 to \$7,499.....	36	60	96
\$7,500 to \$7,999.....	44	54	98
\$8,000 to \$8,999.....	52	86	138
\$9,000 to \$9,999.....	45	71	116
\$10,000 to \$10,999.....	42	107	149
\$11,000 to \$11,999.....	18	56	74
\$12,000 to \$12,999.....	15	66	81
\$13,000 to \$14,999.....	15	72	87
\$15,000 to \$16,999.....	5	57	62
\$17,000 to \$18,999.....	3	28	31
\$19,000 to \$20,999.....	5	18	23
\$21,000 to \$22,999.....	1	14	15
\$23,000 to \$24,999.....	0	6	6
\$25,000 or more.....	7	67	74
Total.....	473	988	1,461
Median.....	\$7,681	\$9,971	\$8,913
Average.....	\$8,230	\$11,074	\$10,135

COULD THEY AFFORD TO ATTEND?

A major concern was whether the students, as judged by College Scholarship Service, need analysis procedures, could afford to attend the university. A computation of financial need using regular CSS procedures was therefore made for each of three categories: (1) recipients of aid; (2) nonrecipients of aid; (3) total enrollment. Only in the nonaid group were there sufficient assets from which additional support could be drawn and the average was only \$148 per family. The median financial need of students receiving aid was \$906; for nonaid students the median need was \$389; and for the total group it was \$712. The average grant to students receiving aid was \$399.

Subtracting from these figures the average financial aid offer made by the university, the "median unmet need" (or the gap between total expenses and resources, including aid from Valparaiso) became \$507 for the aided group; \$389 for the unaided group, and \$581 for the overall enrollment. From these computations the study determined that in the absence of any appreciable assets an income exceeding \$12,000 is necessary to support a student on our \$1,950 budget. (See table 2.)

TABLE 2.—Contribution and need

	Aid students	Nonaid students	Total students
Median contribution from income.....	\$744	\$1,113	\$938
Median contribution from assets.....	None	148	None
Median total contribution.....	744	1,261	938
Financial need.....	906	389	712
Average scholarship or grant and job.....	399	None	131
Median unmet need.....	507	389	581

Only 26 percent of the families had an income this large. Since an additional 23 percent of the students were receiving gift assistance, approximately one-half of the students had defied a normal expectancy. And since these students were then on the campus and were unaided, it must be assumed that they were

(1) earning more than the \$300 summer savings expectancy; (2) receiving outside loans and scholarships; (3) trimming campus costs of food, lodging, or other variable items, or (4) making other sacrifices. During the current academic year a supplemental study is planned to learn more of the personal habits and experiences that have made the continued enrollment of this group possible.

In order to assess the severity of the family sacrifice, the questionnaire asked the source from which funds were drawn to pay the student's expenses, the type of emergency financial arrangements necessitated, and the manner of meeting payment of bills as received from the university.

MANY MOTHERS EMPLOYED

We learned that in an effort to pay college costs 28 percent of the mothers of our students are employed, 6 percent of the fathers have taken a second job, 3 percent have taken a second mortgage on their home, and 12 percent have effected such other economies as curtailment of vacations, cutback of former normal living costs, deterioration of home furnishings and appliances, and the like.

It was found that less than half of the families studied pay the college expenses in a lump sum; most parents depend on installment payments, insured tuition arrangements, and other means of postponing their immediate obligation. Approximately one-half of the families stated that salary income was their primary source of meeting college costs, 25 percent depend primarily on accumulated savings, 18 percent depend on borrowing from a bank or relative, while only 5 percent depend on nonsalary income to meet this need.

FORMULA CAN SHOW UNIVERSITY THE TOTAL REVENUE IT WOULD RECEIVE AFTER INCREASING STUDENT AID, OR AFTER STIPULATING A GIVEN LEVEL OF UNMET NEED

Having established that Valparaiso families have substantial unmet need, the study was concerned with what the impact on parents' ability to pay college costs would be if the university costs were increased. If the university were to reduce the amount of unmet need so that students could lead a more normal and perhaps healthier college life, the evidence was clear that Valparaiso's aid resources were inadequate.

In the face of these signs of family strain, it became important to know what effects further cost increases would have on students. It also was important to judge the percentage of any cost increase that would have to be allocated for financial assistance. Moreover, it was necessary to know whether overall cost increases would produce any gain in net income to the university if it chose to assign the necessary funds from this increase to help adequately all needy students.

ASSUMPTIONS HAD TO BE MADE

To arrive at some meaningful conclusions, certain assumptions had to be made. First, the current average scholarship rate per student must remain constant with the growth of the student enrollment; second, it is possible for students to carry a certain amount of unmet need in the future as they do now; third, regardless of the size of the student population, the family income distribution would remain at its present level.

An equation was then developed to determine, at various enrollment figures and at various yearly budgets, (1) the amount of unmet need introduced by various tuition increases, (2) the proportion of the new revenue obtained from tuition increases which would have to be applied to the aid funds to cover unmet need, and (3) the total additional revenue that would accrue to the university.

OTHERS CAN USE EQUATION

To apply similar survey results to any university situation when varying tuition costs and varying enrollment levels are contemplated, the following equation may be used:

$$K = \frac{U}{S(B-b)}$$

Where:

K = Proportion of new revenue required to cover new unmet need;

B = New yearly cost to each student;

b = Present yearly cost to each student;

S = Number of students in the student body;

U = Unmet need which accrues from increase of tuition (find U by using equation below);

$$U = \left(\frac{S}{R}\right) [(B-C_1)N_1 + (B-C_2)N_2 + (B-C_3)N_3,$$

and so forth, as long as $B-C$ is a plus value] $- S \times A$

R = Number of parents who replied to survey;

A = Average aid presently available for the entire student body (present total aid budget divided by current number of students enrolled);

C_1 = Average college scholarship service contribution from parents in the lowest income group;

C_2 = Average college scholarship service contribution from parents in the second lowest income group;

C_3 = (Continue for total number of income brackets in survey);

N_1 = Number of cases in lowest income group;

N_2 = Number of cases in second lowest income group;

N_3 = (Continue for total number of income brackets).

ADJUSTMENT IS NEEDED

While the above formula serves the university when no unmet need is present, an adjustment is needed to accommodate cases when it persists. To find if unmet need is present and to determine its size, substitute the value of b for B in the equation to find U . Divide U by the present size of the student body to find W and rewrite equation as follows:

$$U = \left(\frac{S}{R}\right) [(B-C_1)N_1 + (B-C_2)N_2 + (B-C_3)N_3,$$

and so forth, as long as $B-C$ is a plus value] $- (S \times A) - (S \times W)$

G = The net additional revenue accruing to the university;

$G = [i - K] \times S \times [B - b]$;

i = Total income.

NECESSARY TO INCREASE AID

A brief summary of figures obtained in this projection shows that, even with small cost increases, large percentages of tuition would have to be used to enlarge the university's aid resources, particularly if further hardships were not to be imposed on the students. If the university's costs were increased by \$500, 75 percent of the gain would be needed for financial aid, and the net gain to the university with a student group of 2,800 would be approximately \$348,000. With this same enrollment and a university cost increment of \$1,000, 80 percent of the increase would be needed and the net gain \$560,000 (see table 3 on the preceding page).

These survey results were made available to the university's board of directors in February 1962. After considerable debate, the board reluctantly raised tuition fees. Other costs at the university also are continuing in their upward climb. These necessary decisions have been made cautiously, with full knowledge of the impact they will have on the student group.

TABLE 3.—*Projected result of cost increases*

	Cost	Total unmet need	Percent tuition increase to meet need	Net revenue to university
Enrollment:				
2,900 -----	\$2, 155	\$424, 200	0. 71	\$170, 300
	2, 555	1, 351, 300	. 77	403, 200
	2, 955	2, 343, 000	. 80	571, 500
3,100 -----	2, 155	453, 500	. 71	182, 000
	2, 555	1, 444, 500	. 77	431, 000
	2, 955	2, 504, 600	. 80	610, 900
3,300 -----	2, 155	482, 700	. 71	193, 800
	2, 555	1, 537, 700	. 77	458, 800
	2, 955	2, 666, 100	. 80	650, 400
3,500 -----	2, 155	512, 000	. 71	205, 500
	2, 555	1, 630, 900	. 77	486, 600
	2, 955	2, 827, 700	. 80	689, 800

The next panel is Dr. Keith Spalding, president, Franklin & Marshall College, who is accompanied by Dr. F. L. Wormald, vice president, Association of American Colleges.

STATEMENT OF DR. KEITH SPALDING, PRESIDENT, FRANKLIN & MARSHALL COLLEGE, LANCASTER, PA.; ACCOMPANIED BY DR. F. L. WORMALD, VICE PRESIDENT, ASSOCIATION OF AMERICAN COLLEGES

Senator MORSE. I am sorry, gentlemen, I cannot give you more time. I am going to ask you to put your prepared statements in the record and then to summarize them. (See p. —.) It is important to get your material in the record officially because what you and I say here in colloquy together this morning, which I would like to engage in, is not as important as your statement.

Dr. SPALDING. My name is Keith Spalding, I am president of Franklin & Marshall College.

I am here on invitation as a individual, but pleased to be accompanied by Dr. Wormald of the Association of American Colleges.

I will be very brief. In my statement I have expressed my enthusiasm for the bill and my appreciation of being here.

Since my testimony supports and extends some of Mrs. Ferguson's I can be quite brief, but I would make these five main points.

I think it is commendable that the approach to the bill is comprehensive and direct. I would point out that it avoids any danger of Federal interference with the autonomy of institutions and avoids Federal intrusion into the substance of higher education. The approach is also harmonious with the policy of the most effective and equitable student aid programs sponsored by institutions, which also offer aid to needy and deserving students in a package. You decide the eligibility of the student for aid on his academic potential and his stipend in accordance with his need.

Now, I represent a private, liberal arts college of high quality, but I am not speaking for a special interest. This bill furthers the aims of both public and private institutions without penalizing one segment in favor of the other.

It does encourage private institutions to carry their share of the quantitative load.

Mr. Chairman, it is a disappointing fact that many philanthropic organizations and corporate foundations are having to curtail or discontinue their undergraduate scholarship programs. We are not keeping pace and there is a danger in that it may cause a loss of talent, a drying up of the well springs of talent which we need.

The principal point, from an educational standpoint, is this: You have heard testimony that the bills' main thrust is toward meeting the quantitative need. But I detect there are some opportunities in this for significant qualitative improvements in education. You were a professor, I believe, and you know that when you can bring capable students into contact with professors, this high-caliber student will improve the program.

There is a vicious circle of raising tuition and having to plow back a great portion of the increased income into student aid. This bill would permit the private institutions particularly to direct some flow of funds to improvement of the academic program.

I am highly enthusiastic about the work-study concept. The bill would permit institutions with this work-study program to strengthen the students' academic interests and experience. It also makes it possible for students to be given jobs which will relieve faculty members of overloads of detail and lets them be more effective teachers and counselors.

Just for example, students could be employed at our college as library assistants, administrative assistants, computer technicians, laboratory assistants, examination readers, editorial research helpers, research associates, and tutors. All of these would improve the performance of the college. We could also use students in tutorial programs with secondary schools to the mutual benefit of the school system and the college. These jobs would be highly prized by students.

I have a deep feeling about one part of the bill, and that is that it meets the facts that human talent is our most precious resource and that there is a social value to education as well as value to the individual. I point out that one of your colleagues has demonstrated that the GI bills were truly a social investment. Production from education under the GI bills as best can be found out, was that there were 180,000 doctors, nurses, and medical personnel, 130,000 physicists and research scientists, 450,000 engineers, 230,000 teachers, and many others. So I suggest that if we deny the opportunity for higher education to those who cannot pay the price, then we are violating important precepts of democracy. I think we must never equate intelligence and/or talent with wealth or social status.

Senator MORSE. That was excellent. I would like to discuss the speech, but all I can do is reinforce what you said and I want to thank you.

(The prepared statement of Dr. Spalding follows:)

PREPARED STATEMENT OF KEITH SPALDING, PRESIDENT, FRANKLIN AND MARSHALL COLLEGE, LANCASTER, PA.

(1) A national student financial aid program is necessary, if the Nation is to develop and utilize effectively all its human talent. The approach embodied in Senator Hartke's bill is commendable, for it is comprehensive and direct. Under the bill, aid goes directly to the qualified student, in amounts determined by his need, leaving him freedom of choice as to his selection of a college or university. It avoids Federal interference with the autonomy of institutions and avoids Federal intrusion into the substance of higher education. The approach is har-

monious with the policy of the most effective and equitable student aid programs sponsored by institutions, which also offer aid to needy and deserving students in a "package"—scholarship grants, loans, and jobs.

(2) The bill is designed to preserve the diversity of higher education; i.e., to further the aims of both private and public institutions without penalizing one for the benefit of the other. It is also constructed in such a way as to broaden the manpower pool of talented youth who will be identified as college material and encouraged to go on to higher education. This, in turn, will encourage private institutions to carry their share of the increase in enrollment to meet the Nation's needs.

(3) A national undergraduate scholarship program, at this point, seems essential. Student costs are rising sharply. Undergraduate student aid funds cannot keep pace. It is a disappointing fact that many national philanthropic organizations and corporate foundations have been forced to discontinue or to curtail undergraduate scholarship programs. This can have harmful effects for the upper levels of higher education, for it may cause a loss of talent which will dry up the wellsprings of talent. It has already had a dampening effect on the efforts of some private institutions to improve their academic programs, for with each tuition increase made to obtain needed income, these institutions are forced to divert a substantial amount of these precious dollars back into bolstering critically needed student aid funds.

(4) In addition to helping to meet the need for greater quantitative capacity (i.e., expanding enrollments), the bill will provide opportunities for significant qualitative improvements in the programs of both private and public institutions:

(a) By mounting a substantial scholarship grant program, and by extending and expanding the availability of loans under the National Defense Education Act and private auspices through the national loan insurance program, the bill increases the capability of institutions of higher learning to attract and provide for students of high caliber who otherwise might not go to college.

(b) By relieving the institutions of the pressures of the vicious circle of raising tuition and allocating much of the new income back to student aid, the bill permits the officers of colleges to direct the flow of money to improvement of academic program.

(c) By introducing a constructive work-study concept, the bill permits institutions to strengthen the student's academic experience and heighten his interest. The work-study program also makes it possible for students to be given jobs which will relieve faculty members of overloads of detail work, thereby letting them be more effective teachers and counselors. For example, students can be employed as library assistants, administrative assistants, computer technicians, laboratory assistants, examination readers, editorial research helpers, research associates, and tutors—all of which can improve the performance of the faculty and the college generally. These jobs would be highly prized by students. Without the support offered in this bill, very few institutions could afford such a program.

(5) Finally, it is essential that in some manner we provide financial support for those young people with intellectual capacity but without financial means. Human talent is our most precious resource. Further, to deny the opportunity for higher education to those who cannot pay the price is a violation of basic precepts of our society. We must never equate intelligence or talent with wealth and social status.

SUPPLEMENTARY STATEMENT OF KEITH SPALDING, PRESIDENT, FRANKLIN AND MARSHALL COLLEGE, LANCASTER, PA.

Mr. Chairman, gentlemen, my name is Keith Spalding. I am president of Franklin and Marshall College in Lancaster, Pa., a small, independent liberal arts college for men. In making this statement, I am also calling upon my experience as an officer in a large private university (the Johns Hopkins University) and a large public institution (the Pennsylvania State University).

Without being presumptuous, I want to commend Senator Hartke and his associates for promulgating the comprehensive approach embodied in Senate bill 2490 to the problem of providing assistance for those young men and women who might be denied the opportunity of higher education because of financial need. Senate bill 2490 contains a most promising and effective approach to the national problem of identifying and developing the human talent among our youth. Mr. Chairman, I would also commend you and the members of the subcommittee for bringing this bill so promptly to hearings.

As I studied the testimony offered to you in earlier meetings, I noticed that most of it dealt with the great quantitative pressures on us to provide posthigh school training and education for our talented young people. I agree emphatically with those who have laid stress on the need to be sure that the opportunity for higher education is made available to all those young men and women with the intellectual capacity to benefit from it. I further agree most emphatically with them that providing higher education to talented youth at all socioeconomic levels is a sound investment which will yield great returns not only for the individuals but for the Nation.

However, I do not want to waste your time by being repetitive. It occurred to me that I might be able to serve the subcommittee best by describing some significant opportunities for improvement of the quality of higher education offered by this bill.

While I shall refer to problems encountered in a private liberal arts college with small endowment, the opportunities for qualitative improvement under this bill would become available to all sorts of institutions of higher learning, both public and private. Thus this legislation would not serve one segment of society at penalty to another. Senate bill 2490, by offering aid directly to the student, and giving the student freedom of choice in selection of his college or university, seems designed to maintain and fortify the diversity which is the real strength of American higher education. This is important, for we need healthy institutions of all types in higher education. Further, by directing the benefits to the student instead of to the institutions, the bill avoids the danger of intrusion by governmental agencies into the substance of higher education or limiting the autonomy and freedom of the institutions of higher learning.

As some leading educators and public servants have pointed out, our national problem in higher education is that we have both severe quantitative problems and critical problems of quality. They have come upon us at the same time. That is, while we must provide more facilities for more students, and must make sure that we overcome the loss of talent among those who are intellectually equipped but don't go on to higher education, we must at the same time improve and strengthen our educational offerings.

The process of improvement is going on steadily. High schools are turning out students better prepared for college. Our colleges and undergraduate schools in universities are taking students to higher levels of learning. Graduate work is becoming stronger and is attracting greater numbers of students who are producing original contributions to knowledge. A new upper dimension of education is developing at the postdoctoral level to provide minds of the very highest quality which are needed for scientific and technological advance.

It is a fact that we are not tapping the brainpower pool as efficiently as we should if we are to stimulate the trend toward higher quality of education. As some of your witnesses have pointed out, many youngsters with intellectual ability are not going into colleges and universities because they lack the financial means. At the same time, the costs of higher education are rising rapidly, not only because of the upward trend of the general price level but because study at higher levels now requires more books, more sophisticated equipment, and more expensive kinds of facilities. Professors are also beginning to command salaries commensurate with their contribution to society. There is, consequently, an irrepressible upward pressure on tuition.

Faced with the prospect of these high personal expenses, many capable youngsters who lack financial means feel pressured into lesser careers than they want. They feel bound to get jobs and begin to contribute to the family welfare, or at least to cease to be a drain on the family's resources. This is admirable, but they find themselves forced to take work which is actually much below their potential.

Because they are supported by tax moneys, and because they seek to serve a larger population, the public colleges and universities have succeeded admirably in holding down charges to students. They have been much more successful than the private colleges, for which tuition is a central source of income. We are fortunate that the States have in most cases recognized the wisdom of increasing support to the public institutions, for the health of the Nation—politically, culturally, scientifically, economically, and militarily—depends on having as many young people as possible educated to the levels of their highest capability. Education has a social value as well as value to the individual, and that is the reason many of us in private education worry about the constant upward spiral of tuitions. When the costs to the student rise, as they are in all institu-

tions, we risk closing off opportunity to another segment of those who may have talent but lack financial means.

If we fail to find and develop this talent, we begin the depreciation of our democratic society. If we do not overcome the effect of these rising costs, we run the risk of making higher learning available only to those who can afford it, and of losing the talents of those who are not born into families of means. This has frightening implications for our society. If such a trend were to continue, it would imply acceptance of an equation between intelligence and wealth. That is a false equation. It would have a stultifying effect on our society.

Such a situation would also be harmful to our colleges and universities. For example, it would be educationally unsound as well as a denial of our democratic precepts if private colleges were to be reserved for the sons of wealthy men. At Franklin and Marshall, we seek to have a cosmopolitan student body, with representatives of many geographic areas and all socioeconomic levels. This, we believe, is the way to provide for a more stimulating exchange of ideas among students of the points of view of other people. We could not expect good education to result from having only one kind of students—all from one place, or all from families of the same annual income, all thinking alike and sharing the same background and the same prejudices.

For that reason, we do all in our power to carry out our stated policy that no student should be denied the chance to avail himself of an education at Franklin and Marshall simply because he lacks financial resources. We devote a heavy share of our income to student aid. We offer as many job opportunities as we can find or afford. We also work energetically to raise additional funds earmarked for scholarships and loan funds. This is a difficult task, for many national philanthropic organizations and corporate foundations are being forced to discontinue or curtail their undergraduate scholarship support programs. This is unfortunate, for if we do not attract support to undergraduate colleges, we run a risk in the long run of drying up the wellsprings of human talent. I have observed that thoughtful educators and thoughtful philanthropists are concerned about this grave possibility.

To extend our institutional student aid funds, it is our practice at Franklin and Marshall and many other colleges to "package" student aid awards. That is, we offer most applicants for financial assistance more than one kind of help. Many students receive scholarships, if they are qualified, and loans and work awards as well. This is a practical financial necessity, but we also believe that it is sound practice, for it provides the student relief from financial fears and at the same time lets him take some personal responsibility for financing his own education. It lets him take this responsibility without an overburden of debt at the end of his 4 years with us; such a debt might impair his ability to go on to graduate study or hamper his entry into a career. We also know that many young men feel an obligation not to be a burden to their parents; a work opportunity helps them to retain their pride and independence.

Because scholarship grant funds in almost every institution are less than is needed to meet the students' requirements, we often find that we must turn away talented youngsters who lack financial means. We simply don't have enough dollars to go around. So we determine eligibility for scholarship aid on the basis of the student's academic potential. We set the amount of his stipend according to his financial need as revealed in the confidential statements filed with the college scholarship service and our own information. When we are forced to raise tuition costs, as we are recurrently, we usually also increase the student aid budget. This is a vicious circle: We must raise tuition to obtain the income we must have. And we must use a part of that increased income to bolster the funds for student aid. This is frustrating and inefficient. It also drives us into rationalizing that since personal income is up across the Nation, parents and students can afford to pay more for education. Of course this is so, but we know that every time we raise tuition we close the doors to a few more young people who are discouraged by the high cost.

For all these reasons, I am most enthusiastic about the comprehensive approach in the Hartke bill. It is essential that aid to students be offered in various ways. No one way will solve individual or national problems. In most cases all three forms of aid will be needed—a scholarship grant, along with a loan and a job opportunity.

The scholarships, to be processed and awarded as outlined in the bill, will provide an incentive for many who should but now do not go to college. They will encourage more to think about college, and the process of selection will give aid to those who have the capacity to benefit from college education. The

selection of a young man or woman for a scholarship granted under the Hartke bill would also make him an attractive candidate for further aid from the college. In many cases it would serve as a means of broadening the manpower pool from which able students would be selected for college. The college would certainly continue to offer assistance from other sources, but with Federal funds available under this bill, the college's funds from private sources could be used to accommodate greater numbers of deserving young people. I feel certain no college would diminish its scholarship funds, but the availability of student aid under a national program would permit more efficient use of the college's income resources. Funds now denied to improvement of educational programs, faculty salaries, library resources and the like would begin to flow in those directions.

I should say, in a brief digression, that all college administrators will welcome the recognition by the subcommittee that tuition does not pay the full cost of education. But many of us realize, as Father Bunn said before you, that while the \$350 cost-of-education allowance to the institution is tempting, it is potentially dangerous and is not an essential part of the legislation.

The scholarship grants should of course be complemented with loans, and both the extension and expansion of the National Defense Education Act loan program and the program of insurance of loans made by "eligible lenders" would therefore be desirable.

I am highly enthusiastic about the work-study proposal in the Hartke bill. This provides real opportunities for improvement of college educational programs and for strengthening of the students' academic experience. With the work opportunities related to the educational program, we would involve students in ways we cannot possibly afford. We could, for example, use students in preceptorial and tutorial relationships to others experiencing academic difficulty. We would employ them in library work, in science laboratories and in connection with larger social sciences and humanities courses in ways that would free our faculty members from overloads of detail and let them be more effective teachers. We would employ students as research assistants, computer technicians, examination readers, and administrative assistants. With the availability of work-study funds, we could mount tutorial and teaching assistant programs which would strengthen our relationships with the secondary schools of our area, to the advantage of the college and the secondary schools, and with real service to the community. All of these things would deepen the student's interest in his college career, for he would be employed in projects closely related to his major field of study. These jobs would be highly prized by students.

In summary, I warmly endorse the purposes of the Hartke college student aid bill, for it not only provides the Nation the means for tapping much of the human talent among our young people which is not now being utilized to the fullest, but also it will provide opportunities for significant improvement in the quality of the educational process in our colleges and universities.

Senator MORSE. Would you like to proceed now?

Dr. WORMALD. I do not have any testimony to offer. I just came to accompany Dr. Spalding.

Senator MORSE. I want to thank you very much.

As I said, I shall finish these hearings on April 15 and counsel makes the suggestion that I say for the record that we will start at 8:30. If by any chance the majority leader between now and then sets the beginning of the Senate session at 9 a.m. we will start at 8 a.m. Thank you very much.

(Whereupon, at 9:50 a.m., the subcommittee recessed, to reconvene at 8:30 a.m., Wednesday, April 15, 1964.)

COLLEGE STUDENT AID LEGISLATION

WEDNESDAY, APRIL 15, 1964

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 8:30 a.m., in room 4232, New Senate Office Building, Senator Wayne Morse, chairman, presiding.

Present: Senators Morse (presiding) and Javits.

Committee staff members present: Charles Lee, professional staff member of the subcommittee, and Michael J. Bernstein, minority counsel.

Senator MORSE. The hearing will come to order.

At this time I am pleased to bring to the subcommittee the views of the distinguished junior Senator from Missouri on the pending bill.

Senator Long is a good and staunch friend of education and I assure him his recommendations will be given most careful consideration by the subcommittee in its executive sessions.

STATEMENT OF HON. EDWARD V. LONG, A U.S. SENATOR FROM THE STATE OF MISSOURI

Senator LONG. Mr. Chairman, thank you for this opportunity to express my views on S. 2490, a bill designed to assist students in pursuit of higher education. This subject has long been a matter of concern to me.

In Missouri, over 98,000 students are presently enrolled in our colleges and universities. By next September, it is estimated that enrollment will have soared to 121,000. Thousands more, capable of doing excellent college work, are not in school. This is partly due to the fact that many feel they do not possess adequate resources to finance additional schooling. Missouri does have a program—curators scholarships—to help worthy students defray tuition costs in State-supported colleges, but is not nearly extensive enough to provide aid for all desiring and deserving it.

The bill before the subcommittee, S. 2490, would be a major step forward in eliminating the economic problems which deprive many qualified students from obtaining coveted educations. Moneys would be made available for scholarships to high school seniors. Based on need and academic performance, up to \$1,000 annually could be granted to a promising student. Moreover, the recipient would be free to select the institution which he would attend.

This is a laudable approach to a distressing problem. It provides the money for higher education without indebting the student. And, he is still eligible for work programs and supplementary loans.

NDEA LOAN EXPANSION

An equally significant provision of this bill is the raising of the loan ceiling under the National Defense Education Act. Undergraduate students would be eligible for loans of up to \$1,500 annually and graduate students up to \$2,500. These are, I think, more realistic estimates of a year's expenses than the present figures. However, I would favor an even greater sum as the maximum amount available to the student. While \$1,500 would cover most expenses at many schools, numerous private institutions require much more. The amount of the loans should, in fact, be contingent upon where the student goes to school.

Two-year colleges and technical institutions would become eligible for participation in the National Defense Education Act's program. This extends the opportunities for additional schooling to thousands of well-qualified young people. High school seniors, uncertain as to how much more formal education they desire, would often undertake 2 additional years of schooling or a technical program if money were available to them. Then, at a later date, a decision could be made as to whether or not to pursue a degree.

This provision is important for another reason. All too often when people speak about education—especially the need for higher education—the tendency is to think of it in strictly academic terms. Many young people, knowing they do not want to attend a regular college, decide further education is not for them. However, today there is a great demand for persons with technical training. By allotting money to technical schools, students whose interests lie in this direction will be able to obtain the schooling necessary to qualify for jobs.

Some States and cities already have tuition-free colleges and junior colleges. Missouri has several community junior colleges. California operates an extensive system of junior colleges; New York City has tuition-free colleges for which all students are eligible if their academic records are good.

Congress has acted to spur the creation of junior colleges by authorizing grants and loans for the construction of facilities. However further assistance—in terms of student aid, faculty training assistance, and the like—would be a boon to the junior colleges and technical schools. The extension of the National Defense Education Act's aid to students in 2-year institutions would stimulate more promising youngsters to continue their training. The work-study projects proposed in S. 2490 could effectively be utilized to aid these students, too.

Technical schools and junior colleges can provide a solution to many of our less academically inclined students' problems. With the rapid transition to a technological society taking place, American needs for skilled technicians—electronics specialists, computer operators and repairmen, and the like—are increasing. While a college degree in physics or electrical engineering is not mandatory for such jobs, generally more skill is required than can be obtained from a secondary school course. Amendment of the National Defense Education Act to include students in technical schools is a step in the right direction.

A thorough study into the needs of our junior colleges and technical schools would be most beneficial. It would indicate the areas in which we could be of further assistance in coping with the Nation's education problems.

LOAN GUARANTEES

S. 2490 also provides for Federal insuring of commercial loans to students. Commercial lenders, including colleges and insurance companies, would be insured against losses on loans to college students. Such a provision would, I feel certain, facilitate the ease with which some students and their families can finance schooling. It would be especially beneficial to families whose wages put them slightly above the scholarship cutoff point, but who cannot educate their children without assistance. Commercial lenders would be more than willing to extend credit to them, knowing that the resources of the Government stand behind the loan. Thousands of youngsters, especially from larger families, could more easily obtain the money for education.

Extensive work-study programs, operated by the colleges and universities themselves, would be a boon to innumerable students. Many would jump at the opportunity to work at campus jobs connected with their academic interests. This bill would provide \$250 million for student work projects throughout the country; over 300,000 individuals could be helped annually by the increased employment opportunities. Teaching and scientific and social research are obvious areas in which students could be of assistance. It is my feeling that many students are not working presently because no jobs are available.

As extensive as these provisions seem to be, they are no more than points of departure. We must devise more new programs to deal effectively with this distressing national problem.

OTHER NEEDED LEGISLATION

The proposals, defeated recently by a scant three-vote margin when offered as an amendment to the tax bill, giving parents a credit for college expenses, are still pending in other bills before congressional committees. Correspondence from constituents during Senate consideration of the tax bill was overwhelmingly favorable to tax relief for higher education expenses. I hope a proposal for this purpose will be reported and favorably considered by Congress in the very near future.

A recent suggestion to extend the compulsory school attendance age warrants our careful consideration.

An extension of the school age would, in most States, assure that practically every student remained until completing a high school curriculum. Since teenagers—dropouts from high schools—swell our labor force, requiring them to remain in school until they are at least 18 years old should make a considerable dent in unemployment. Jobs held by youngsters could, to some extent, be taken on by our older, chronically unemployed citizens.

If, however, the school attendance age is to be lifted, a revamping of high school curriculums is mandatory. School administrators must consider the needs and motivations of all students. An extensive review of vocational offerings should be undertaken and alterations in the programs made in line with the weaknesses highlighted by these studies. Moreover, work-study projects—where a student spends half a day in the classroom and half on the job—would seem like a desirable method of stimulating the less academically oriented

to remain in school. Valuable work experience could be obtained, while simultaneously getting a high-school diploma.

○ In short, education needs the support and concern of all Americans. As many of our young people as possible must be encouraged to obtain the most and best available academic and vocational training. The program envisaged in S. 2490 would, I think, go a long way toward putting higher education within the reach of all.

Senator MORSE. I note that Dr. Watson is ready to testify. Dr. Watson is chairman of the Independent Voters of Illinois, the Illinois affiliate of Americans for Democratic Action.

○ We are delighted to have you, Dr. Watson. Will you take the witness stand and proceed in your own way. It is a real pleasure to have you come to give us your views on this very important bill.

I notice that Mr. Cohen is with you. I am delighted to have Mr. Cohen accompany you. You gentlemen may proceed in your own way.

STATEMENT OF DR. GEORGE H. WATSON, ON BEHALF OF AMERICANS FOR DEMOCRATIC ACTION; ACCOMPANIED BY DAVID COHEN, LEGISLATIVE REPRESENTATIVE

Dr. WATSON. Mr. Chairman, I should like to read my statement, and I will be prepared to answer questions if you wish.

My name is George H. Watson. I am the chairman of the Independent Voters of Illinois (IVI), the Illinois affiliate of Americans for Democratic Action. In professional life, I am professor of political science and director of the graduate program in public administration of Roosevelt University in Chicago. I have recently served as a member of the Joint Commission on Student Financial Aid. This is a commission composed of the representatives of a number of national professional associations. I was president, student personnel administrators and of the Committee on the Financing of Higher Education of the Illinois master plan study.

On behalf of the officers and members of ADA, I thank the subcommittee for allowing us to present our views on Federal aid to higher education, and, in particular, S. 2490, the Higher Education Student Assistance Act of 1965.

The first section is education and economics.

It is a truism that college education results in better employment opportunities and increased lifetime earnings. What is particularly significant today is the increased spread of average yearly and lifetime earnings between those who attend college and complete it and those who do not attend college at all or do not finish. Herman Miller, in an article published in the American Economic Review in December 1960, substantially illustrated this point. Let me cite a table from that article:

(The table referred to follows:)

	1939	1949	1959
Elementary school, less than 8 years.....	(1)	\$2,062	\$2,551
8 years.....	(1)	2,829	3,769
High school, 1 to 3 years.....	\$1,379	3,226	4,618
4 years.....	1,661	3,784	5,567
College, 1 to 3 years.....	1,931	4,423	6,966
4 years or more.....	2,607	6,179	9,206

¹ Figures not available.

Dr. WATSON. The table shows that in 1939, those with high school attendance of 1 to 3 years earned an average of \$1,379; those who completed 4 years, \$1,661; 1 to 3 years of college, \$1,931; and 4 years or more of college, \$2,607. By 1949, these figures had increased to \$3,226 for 1 to 3 years of high school; \$3,784 for 4 years of high school; \$4,423 for 1 to 3 years of college; and \$6,179 for 4 years or more of college.

By 1959, the figures had increased still further: \$4,618 for 1 to 3 years of high school attendance; \$5,567 for high school completion; \$6,966 for 1 to 3 years of college; and \$9,206 for the completion of college.

I think the significant thing is not only that there has been an increase as our economy has become more productive and inflation has moved along, but that the spread between these various groups has increased more greatly than the general increase.

ADA's emphasis on lifetime earnings is not meant to be crass. We mention it only because it is measurable and tangible. This measurement alone justifies Federal assistance to students for higher education.

Our studies currently in progress suggest not only that education makes an even greater contribution to the income of the community than of the individual, but that it is, in fact, our most valuable capital resource—that a dollar invested in education will bring a greater economic return to our society today than a dollar invested in buildings or machines or the other traditional forms of capital goods.

The need for expanded higher education is directly related to the question, Who goes to college? One of our major goals is a nation which provides real and equal opportunities for those who have both the ability and the desire to take advantage of them. The "aristocracy of achievement," referred to so movingly by President Kennedy in his education message to Congress in February 1963, must become real and not a vanishing dream. It is based neither on birth nor on one's father's educational or economic achievements. An "aristocracy of achievement" is based on merit. It can only be realized when our society provides sufficient opportunities to all our citizens to advance themselves.

There is a tremendous talent loss in our society. Thirty percent of high school seniors in the top fifth of their class do not go to college. Forty-three percent who are in the top third of their class do not enter college. Forty percent of all students who begin college withdraw before graduation. Financial reasons weigh heavily in making these decisions.

The census of 1960 includes some startling statistics showing that children of families earning less than \$7,500 attend college in significantly lesser numbers than children from families with incomes of over \$7,500 per year. This must, of course, be related to the fact that the average family income in the United States is about \$6,500.

Percent of children attending college by family income, 1960¹

	<i>Percent of attending colleges</i>
Among all families.....	18
Less than \$5,000.....	9
Between \$5,000 and \$7,500.....	17
Between \$7,500 and \$10,000.....	32
\$10,000 and over.....	44

¹ U.S. Bureau of the Census, "Current Population Reports—Population Characteristics," Series P-20, No. 110, table 10.

The table shows that among all families, 18 percent of children attended college in 1960. For families with incomes of less than \$5,000, 9 percent of the children attended; families with incomes between \$5,000 and \$7,500, 17 percent attended; between \$7,500 and \$10,000, 32 percent of the children attended college; incomes of \$10,000 and over, 44 percent of those of college age attended.

Getting to college is only part of the battle. As one who teaches and administers programs in an urban university drawing students from all income brackets, including the lowest, I am forcibly reminded that the average cost to a student for 1 year of college in a low-tuition, publicly supported institution is in the neighborhood of \$2,000. For private institutions, the average exceeds \$3,000 per year.

We are presently experiencing a great increase in enrollments as a result of the postwar baby boom and the increasing proportion of each age group seeking to attend college. One result is that many families of moderate and low income have more than one well-qualified child of college age. The family I know best—my own—has had three or more children in college in each of the past 3 years and will have for at least 1 more year. A scholarship financial form just prepared shows that, although all three children in college this year have scholarships, the cost to the family for their education was in excess of \$6,000. For many families this would clearly be impossible.

When we consider that one out of four students presently receives no help from parents, but pays his own way through work, loans, and scholarships, the magnitude of the problem of financial need becomes more clear. Colleges and universities simply do not have sufficient scholarship funds to meet more than a small fraction of the problem. Even when we add private programs such as those associated with the national merit scholarship examinations and State assistance, such as the excellent Illinois State scholarship program, the total still falls far short of the need.

ECONOMICS AND EDUCATIONAL OPPORTUNITY

In terms both of economic advantage and equality of opportunity, based on the "aristocracy of achievement," the case is unmistakably established for comprehensive Federal aid to higher education based on student needs. The bill before this subcommittee, S. 2490, proposes such a comprehensive program. It is built around the needs of the student. Our Nation owes a debt of gratitude to Senator Vance Hartke for introducing this legislation. The Nation also owes a continuing debt of gratitude to Senator Morse, distinguished chairman of the Subcommittee on Education of the Senate Labor and Public Welfare Committee. His persistent support of Federal aid to education has made consideration of S. 2490 a serious possibility.

I should also like to express appreciation to my former teacher, the senior Senator from Illinois, Paul Douglas, to whom not only I, but all of us, are greatly indebted for his penetrating understanding of economics and of higher education.

Senator MORSE. I would like to associate myself with your remarks about Senator Douglas. He has been, over the years, a shoulder-to-shoulder supporter of mine in all education legislation in Congress. Without his support, in my judgment, we would not have accom-

plished what we have accomplished, which is far too little, but which is more than some of us had hopes of accomplishing, and more than we could have accomplished had it not been for the support we received from Paul Douglas.

Dr. WATSON. Thank you, Mr. Chairman. I am proud to be his constituent as well as his former student.

I should like to comment now on the Higher Education Student Assistance Act of 1965, as proposed in S. 2490. It has the great virtue that it recognizes education as in reality an investment with future dividends. The popular view of education as a cost and burden to the public is as odious as it is wrong. It is a view which, if it continues to be accepted, will severely damage the growth of this country and increase the distance in income and achievement between those born advantaged and those born disadvantaged. S. 2490 provides the means to achieve substantial improvement in opportunities in higher education through a battery of programs, each meeting a different need. The bill as a whole is greater than the sum of its parts. It would be unfortunate to break it up and eliminate any portion.

First, the proposals relating to the National Defense Education Act: The improvements in the National Defense Education Act have been vitally needed almost since the program came into existence. ADA stresses the importance of three major improvements in the National Defense Education Act loan program:

- (1) Increasing the loan limits for undergraduate and graduate students;
- (2) Including eligible junior colleges and technical schools that offer a 2-year terminal program; and
- (3) Applying the loan forgiveness provision to those entering private school, college, and university teaching.

UNDERGRADUATE SCHOLARSHIPS

The undergraduate scholarship program, based on need, although only covering 50,000 new students in each of the next 4 years, is an important advance. Although ADA hopes that the scholarship program will be enlarged, we are familiar with the fact that the House Rules Committee and House of Representatives in general have not been receptive to a scholarship program. That opposition should not lead the Senate to omit scholarships. Rather, the Senate by approving a scholarship program will demonstrate again the need for Federal scholarship and hopefully influence the House to change its position.

THE WORK-STUDY PROGRAM

The work-study program especially interests me, because I began my teaching career in 1939, when many students were still working their way through school with the aid of a Federal work-study program. My first student assistant was paid by the National Youth Administration; my present assistant is a brilliant scholarship student who also needs the income from a 15-hour-a-week job to make ends meet. When this program is passed, many more like her can earn their expenses while gaining work experience which will further their professional careers.

ADA thoroughly approves this program. Like the Advisory Committee of the College Scholarship Services, whose report you have doubtless received, we urge that the 15-hour rule be struck out, and the decision on the maximum number of work hours be left to the college or university.

LONG-TERM LOAN INSURANCE

The long-term student loan insurance program is a desirable supplement to the National Defense Education Act loans. This provision, more than any other, should help to promote recognition of education as a long-term investment. It is very much like taking out a mortgage. This may prove to be the single most important tool to help encourage many students from middle-income families to undertake college education. These students may not be sufficiently motivated in high school to gain a college scholarship. Indeed, no matter how much ADA urges an enlargement of the scholarship program, we are realistic and know that long-term loans are vital to a comprehensive program to encourage more American youths to take advantage of higher education.

It is in this regard that ADA wishes to make two suggestions related to the student long-term loan program:

(1) The maximum \$10,000 loan ceiling should be expanded. We should not be faced with a situation of encouraging undergraduate education and simultaneously discouraging Federal assistance for graduate education; many graduate programs, for example, medicine, may require borrowing considerably in excess of \$10,000.

(2) It is essential to have the Government guarantee loans to help low- and middle-income families. Although most low-income students can meet the test of need for a National Defense Education Act loan, language should be used in this bill to emphasize that students coming from lower- and middle-income families are eligible and should be encouraged to receive the benefits of the loan insurance program.

Senator MORSE. I quite agree with that, Dr. Watson, but I wonder if you did go far enough here. We just take it for granted that if a potential student comes from a wealthy family, he has no problem. Time and time again, that is not true. Time and time again, the potential student from the family that could help him does not receive it. There are many reasons why they won't help. I don't think we ought to have an arbitrary rule in here.

As I said on this record before, I believe in turning the administration of this program over to the colleges and universities to the maximum extent possible. I have served on student loan and student scholarship boards in my academic work. We don't have to worry about the public interest not being protected by those boards. I would have less hesitancy in turning much more administrative authority over to a faculty student loan board than I would in turning it over to any governmental board. A faculty board is composed of a group of men and women who are dedicated to the public interest, who realize their duties of citizenship. You don't have to worry about the care of the dollar that those boards are going to give to the money you make available to them. They are going to get every bit of good out of every dollar that you let them administer.

I want them to have the discretion to deal with the child from a wealthy family who, for some reason, can get no support from that family. There are not many, but there are enough so that I would

suggest you broaden the discretion beyond the proposal you make, that the board ought to have the authority to look at student aid. The facts are that the student's father, who may receive \$50,000 a year as an executive officer of some corporation, may have no interest in helping that boy, for family psychological reasons. You can never know what may develop in some families. You never know when a student comes before you what burdens he is carrying and not talking about; but you become convinced as a member of a faculty, and a scholarship board or loan board that here is a very able student who is not going to go to college unless he can get some help, irrespective of the fact his father gets \$50,000 a year. The institution ought to be free to make a loan to such a youngster, because after all, student loan boards cannot run families.

I just throw it out as a suggestion, and I want counsel for the subcommittee to take note of this because I haven't commented on this before. In fact, you are the first witness that has raised it, but I want counsel to note this.

I am biased. I won't speak of convictions; I have nothing but biases. Most people who speak of their convictions think their so-called convictions are not biases—even though they are nothing but conditioned intellectual responses. But this is one of my biases.

Let me say to counsel, I want these faculty boards to have the widest possible discretion in administering student loan funds. I don't want any Government agency here in Washington laying down hard and fast arbitrary rules for the administration of these funds. I issue that caveat.

While making these side remarks, Dr. Watson, I want you to know I am going to crib rather extensively from this paper of yours when I come to the executive sessions of the committee and the debate on the floor of the Senate because you have given us here the very type of objective data we need.

I have said before, and I will keep right on repeating it, that what we are asking for in this bill is really not a cent from the taxpayers in the long run. We are only asking the public to recognize a good investment. All the money that would be made available under this bill is nothing but a loan of the taxpayer's to themselves. The recipient of the loan appears to be the student, but the beneficiaries of the loan are the taxpayers. This program will not cost them a cent. We have proved it over and over again in educational programs already now in operation, but you proved it in the opening of your statement.

There is no answer to the table you submitted. Taxpayers should take a lead pencil to do a little calculating on the basis of your table. If we make it possible to put those students through college by a program such as that you are testifying for, we are but applying again the lesson that was taught in the GI bill on education. The GI bills have not cost the American taxpayers a cent, yet think of all the opposition we had to them. "A bunch of 'creeping socialists'" we were called. Those liberals who supported the GI bills are believers in the capitalistic system of profit. We liberals have made money for the taxpayers of the United States by the passage of the GI bills because the direct beneficiaries, the students themselves, are now earning so much more money as college graduates

than what they otherwise would have earned that they are pouring into the Treasury of the United States increased taxes that they never would have otherwise been able to pay. They would not have earned the money on which to pay the increased taxes were it not for their training so that their experience makes the GI bills a source of great profit to the taxpayers of the country.

It is very difficult to get that point of view across, and yet I know that every time you do, you change the groups who come to comprehend it from anti-Federal-aid-to-education groups to strong advocates of Federal aid to education.

Of course, I am a little sorry that we must put it on such materialistic grounds. I would like to have our citizens' statesmanship of a little higher order than that. My job, however, is to present the facts as chairman of this subcommittee, and those are the facts as I see them, and on the basis of such facts, in my judgment we obtain support for aid to education which we otherwise would not be able to get.

I am indebted to you this morning for giving us additional objective data. I haven't had it in exactly this form before. This subcommittee will use it as we proceed to try to educate the American taxpayers into realizing that what we are asking for in legislation such as this is a program that is to our national financial benefit as taxpayers.

If we are to expand our economy and our only hope of retaining our economic freedom and the political freedom dependent upon it in this country—our only hope of expanding our economy and strengthening our economic freedom is to develop to the maximum extent possible the intellectual potential of our young citizens for the use of the country. It is just as simple as that. I know this is an abstraction. It is difficult for people to think in terms of abstractions because to do so is hard work. It is much easier to dogmatize and sloganize. Many people prefer that kind of intellectual laziness to the facing of the realities of fact.

But we have a fact situation here. You and I and everyone else in the field of education, I think, has the responsibility of taking these facts to the people of the country. You have done it in this magnificent statement this morning. If we can get the facts through to the people, we won't have to worry about their being supported.

When I think of what has happened to this country in the last 10 years in the field of education, particularly the difference in the climate of receptivity in regard to Federal aid to education, I ask myself, "How did this happen?" My conclusion is, it happened because we have been pounding away upon the mind of public opinion with such irrefutable facts as these.

None of us want to put it on such a crass basis, but we must put it on a crass basis. This is the nature of public opinion. If public opinion can be shown that selfish interests are going to be served, more support is obtained than if you show public opinion that its ideals are going to be served. Although the latter end is more valuable than the dollars of the former, this isn't fully appreciated. I did not mean to make a speech, but that's your fault. You shouldn't have stimulated me. You may proceed.

Dr. WATSON. Thank you, Mr. Chairman. I appreciate your remarks and I agree with everything you have said. I apologize that

I made myself misunderstood on the first point you raised. We are not in any sense suggesting that students who come from wealthy families but who are properly eligible should be barred from the program. I, too, have known students like this, and they need help. But what my experience has shown is that these students are more likely to be aware of the possibility of finding ways of help, and that those who come from particularly lower, middle and low-income groups, have some difficulty in believing this applies to them, too.

What we are suggesting is that the language of the bill emphasize the fact that this is for the benefit of those who come from low- and middle-income groups as well as everyone, because they constantly need to be reassured that, "Yes, you, too, are included in these benefits." This is our point.

Senator MORSE. That clarifies it for me.

Dr. WATSON. Your remarks also, Mr. Chairman, provide a good springboard for the concluding paragraphs of my statement. The next paragraph deals with elementary and secondary education.

While this bill does not directly deal with it, Americans for Democratic Action would be remiss in its duty if it did not emphasize that education starts at the preelementary school level. To achieve educational opportunity we must vastly improve our public elementary and secondary schools. Just as we must supply Federal aid for higher education, we must aid public elementary and secondary education. This involves far more than school construction. It necessarily includes instructional and other operating costs. It requires mobilizing the total talents and resources of our society to overcome the handicaps of those who were born economically disadvantaged and to encourage our young people to take the fullest advantage of educational opportunities. It is hoped that this committee will approve a strong education bill and bring it to a vote before the Senate.

I might add that one of the things that has impressed me greatly with regard to this matter recently is my work on the Committee in the Financing of Higher Education in Illinois. In that committee we found that in 1975, to maintain the present level of State provision of higher education in Illinois, it will cost 235 percent of what it cost in 1960, whereas the Illinois economy and the Illinois tax system, as presently constituted, will produce an increase of about 70 percent in State revenues. The State and local governments simply do not have adequate tax systems to provide the amounts of money that are necessary to provide a decent education for our children, and it is for that reason especially, among others, that we need to have a general program of Federal aid to education to support all levels of educational programs.

In conclusion, we are practical and political in Americans for Democratic Action. Although we pride ourselves on our liberal idealism, we also intend to be realistic. Realism suggests to us that this subcommittee and the full committee should approve in this session of Congress the substance of S. 2490. We know the current belief that the House Rules Committee will not grant a rule for aid to higher education. That is no reason for the Senate not to act.

If the Senate approves—and we believe that given the opportunity, it will approve each of the principal provisions of this bill—the Nation will be reminded where the difficulty lies in making progress in aid to education.

Senator Morse, you have suggested time and time again that politicians must bring the facts before the people; by marshaling the facts carefully, accurately, and effectively they will teach the American people the merits of their case. We think that whatever may be the hostility in the House to sound and necessary educational aid legislation, it will be much lessened by a trenchant and decisive debate in the Senate, followed by the passage of an act substantially embodying the provisions of this bill. Thank you.

Senator MORSE. I appreciate this very much, Dr. Watson. I have no questions.

I have already commented on your statement. I only add that I am not at all pessimistic about possible House action on a student loan program. To the contrary, I think there are a good number of Members over there, particularly on various subcommittees on education and the full committee, who will see the importance of this and realize it is one of the alternatives to the Ribicoff amendment.

The Ribicoff amendment was so unsound from the standpoint of uniformity of benefits, irrespective of the economic class distinction concepts which permeated it, that I am very hopeful that the House will pass S. 2490. If we don't we may have to review the Ribicoff amendment again. It was defeated by only three votes in the Senate the last time. To no small extent was it defeated because of the promise we made that we would conduct these hearings and give consideration to the Hartke student loan bill. As I have said in that debate—and I was asked by the President to lead the opposition to the Ribicoff amendment—it doesn't help any boy or girl from the low-income family. It just discriminates against him or her. It gives not a deduction but a tax credit, money-in-the-hand to the parent in the higher income brackets. It's clear class legislation; it's discrimination; it's unfair; it's a rich man's approach, and it makes it more and more difficult for the student from the low-income family to ever go to college. We know what the result of the Ribicoff amendment will be—higher tuitions. College presidents have told us so.

I met with a group of college presidents from religious colleges, who wanted me to support the amendment. But, as I said, "Gentlemen, I understand that if we pass the Ribicoff amendment, you are going to increase your tuition. Is that true or not?" They were very honest men; they admitted it was true. The parents of those children who hoped to attend the schools knew that a raise in tuition was going to be necessary because that was about the only way they thought they could get Federal money into their schools with no restrictions. They could spend that additional money in a religious college for any purpose they wanted to spend it for.

At least, under the Morse-Green higher education facilities construction bill, we had a categorical use grant restriction.

So, I said to these presidents of religious colleges—they know me very well; I have worked with them for years and they know I would be honest with them—I said, "Gentlemen, I have a little difficulty with the morality of your proposal. This is subterfuge."

That is the second argument I used on the floor of the Senate. My judgment changed a 14-vote majority against me to a 3-vote majority for me. But we haven't finished with the Ribicoff amendment. Unless we can get some such bill as this adopted, the Ribicoff amendment can pass. If it passes, then, in my judgment, we will set back then a program of Federal aid to education by a minimum of 10 years, maybe 20.

It is a fact in this great political body that once men stand up and are counted on legislation that has been labeled "Federal aid to education," you are not going to be able to go back to that watering trough for quite a while. They will say, "Listen, we have got a lot of other things to take up."

It is so important that we do exactly what you point out on this bill, that we pass a student loan bill in the Senate. When we do I think you will be surprised at the support we are going to get in the House.

I am hopeful that we pass it in the House; but if passed in the Senate only, it shall be the basis of a public education program for the next session of Congress, and I think we have a pretty good chance then of getting it passed.

So much for that. I thought, at least, you ought to know what my position is on the legislation.

If you have anything to add, Mr. Cohen, you may.

Mr. COHEN. No; except it is always a pleasure to appear before this subcommittee.

Senator MORSE. Thank you very much.

Dr. WATSON. Thank you, Mr. Chairman.

Senator MORSE. The next witness is Mr. Sidney A. Eisenberg, nationally syndicated columnist on financial aid to college students. I want to say, Mr. Eisenberg, that I am not only happy to have you here, but I am particularly happy about the precedent you are setting this morning.

Mr. EISENBERG. Beg pardon?

Senator MORSE. I say I am particularly happy about the precedent you are setting this morning. I am happy to have you here and I am happy to have your appearance as a precedent because I wish we had a large list of journalists who would be willing and want to come before this subcommittee to testify in support of such a measure as this.

You are setting an excellent example for your profession, and I welcome you with open arms, so to speak, so that we may have as part of this record the views of a journalist who has written so brilliantly for some time on the subject of "aid to education and the plight of American students." I am looking forward to hearing you this morning. Please proceed in your own way.

STATEMENT OF SIDNEY A. EISENBERG, NATIONALLY SYNDICATED COLUMNIST

Mr. EISENBERG. Thank you, sir. I want to say that in the journalistic part of my career, this is my deficit spending; and having been a critic on many occasions of some things with which I did not agree, I think I owe it to the Senate to be here on the thing I heartily agree with.

Senator MORSE. Thank you very much.

Mr. EISENBERG. I feel that here this morning, I am going to read from my statement. I am here this morning on behalf of some 500,000 students, parents, grandparents, and others who have written to me personally during the past 2 years, since I advise them, at no cost, on how to get money for college. I have been doing this for the past 35 years—the past 2 years on a national scale. The entire program is financed by myself. I am not endowed by any group or foundation or organization of any kind.

I am grateful to this subcommittee to permit me to speak before you and report to you the financial problems of students who want to go to college but cannot, because they lack the money. That I have been helpful in rendering this public service has been evidenced by the fact that Editor and Publisher on two occasions has written up my project (Editor and Publisher, Apr. 28, 1962, p. 98, and on July 27, 1963). In these articles, they estimate that I assisted and aided some 10,000 students in financing college careers. I will skip the praise I have had, only to say that I will not go into the thousands of examples I have at this time, but state that my records, files, and thousands of letters are all on file for the subcommittee, or any of its representatives, to see at any time. My files are open to you in complete detail.

The coming educational crisis is here, and only S. 2490 will solve this most pressing economic problem in America. The solution of this problem will solve with it juvenile delinquency, poverty, illiteracy, relief, and unemployment. Today we spend \$5 million supporting approximately 7½ million persons. The passage of this bill will reduce this figure to its lowest common denominator.

The appalling loss of potential brainpower in the United States, due to the fact that students do not have money to obtain a higher education is the great American tragedy that exists today. The No. 1 problem in America today is education. The No. 1 industry in America should be education. Like the weather, everyone talks about it but no one does a thing about it. But it's here. We cannot avoid it and we cannot bury it. But we do the best we can trying to ignore it.

But it cannot be ignored because of the fact that there is a struggle now going on in the world for the minds of men. As the late H. G. Wells said:

Human history becomes more and more a race between education and catastrophe.

There are about 53 million students in schools today from grade 1 through graduate school. These are the students alone, not counting the parents, the teachers, the professors, and the persons connected collaterally with education. Our population explosion of the forties has become the educational problem of the sixties. Time moves swiftly and the coming crisis in education is here and we have done nothing to prepare for it. That's why the immediate passage of S. 2490 is so important now.

This crisis had been announced by overwhelming evidence which has been 18 years in total accumulation—just the simple, logical, and increasingly compelling weight of numbers of babies being born. They were counted at birth in 1946, as they entered kindergarten in 1951, as they entered high school in 1959, and the count was always the same at every point of calculation.

There will be 40 percent more high school students clamoring for a college education in 1964 than there were in 1963. It will leap to more than 50 percent in 1965 and more than double by 1970.

By 1966, half of the American population will be under 25 years of age.

Over 41 million children in this country are under 10 years of age. There are another 27 million children between the ages of 10 and 18, and over 17 million boys and girls between the ages of 18 and 25—the college age.

There are slightly over 4 million students in college today. Why are we shamefully neglecting the other 13 million? What can we do to help them? What are we doing that is wrong? Can we afford this "brain-drain" in our economy and in our national interest? Will this loss of potential brainpower lead to our loss of position as the leader of the world? I think that it will. That is why I am here to urge the passage of this bill.

The real test of education in democracy can be summed up in two questions:

(1) What percentage of the population is educated to the limit of individual capabilities?

(2) Does each person, regardless of birth or station, have an opportunity, through education, to move up the social and economic ladder?

I am afraid that we fail miserably in both categories.

I am going to give you a shocking statistic, and this is a 1962 statistic, not 1862. Eighty-nine percent of the high school students in this country who are in the upper two-thirds of their class do not go to college. Only 9 percent of the adults in this country over 25 years of age have had a 4-year college education. The main reason is lack of money.

Here we are, the wealthiest nation in the world, providing intellectual poverty for our own students.

People often say that many of the students in the lower financial brackets are not motivated to go to college. How much motivation can really be expected from a student surrounded by unemployment, who has no family example and no community example by which to measure either education or success?

I prefer to call S. 2490 the Rights to Education Act. It is about time we had such a law to solve our educational crisis. I believe that today, higher education is a right—not a privilege for those that can afford it. Brains have a strange way of being in abundance on the "other side of the tracks." We cannot afford to leave it lie idle, unused, and undeveloped.

I believe that every high school senior that wants a college education is entitled to it, and I don't care where he stands in his class. He's entitled to this education as a matter of right. If he cannot make it, then let him fall by the wayside. But let's give him that chance, and let's not have the lack of money for his education be the criterion as to whether or not he goes to college.

For too long has this Nation been misled by so-called experts that not everyone is qualified for a college education. Because of their conduct, we are on the road to intellectual snobbery and intellectual aristocracy. They believe that a college education is only for a select few. Many of our educators are making it so difficult to get into college, and making it so costly, that in time, no matter how much the

Federal Government allocates and spends, less than 5 percent will be able to afford college, or be eligible for admission.

The average and needy student is "on the outside, looking in" because of these two factors, lack of money and closing college doors in many institutions of higher education. This is the reason for so many high school dropouts. This is one of the major reasons for unemployment in youngsters under 25, and there are some 700,000 in this category today. The average student has lost all hope, the creative student is in despair, and the minorities have almost given up.

These youngsters are now at an age when they are susceptible to be trained and educated, but no one wants to give them a chance. But there is no choice. Either they are to be trained and given an opportunity at a college education, or we will support them, in ever-increasing numbers, for the rest of their lives on unemployment or relief. It is far less costly to educate them now—and of greater benefit to our Nation and our welfare, for we already have thousands of second-generation families on unemployment and relief, whose parents are themselves welfare charges. Shall we try for three or four or more?

U.S. Commissioner of Education Francis Keppel, on May 17, 1963, stated before the House Committee on Education, the following:

A study conducted under the direction of Raymond M. Hilliard, director of Cook County Department of Public Aid, showed that 50.7 percent of Chicago's able-bodied relief recipients cannot pass fifth grade reading and vocabulary tests. More than one-half of those receiving relief costs Cook County the striking figure of \$16.9 million a month.

Multiply this by the same problem that exists in all of the major and other cities of America, and you have a continuing multi-billion-dollar annual expense. Less than 1 month's relief and unemployment load in America could give every boy and girl in this country that is so motivated, a college education. The gifted student, the average student, and those below average, would all have a chance at a college education or post high school education. And under the proposed bill, S. 2490, much of it would not be at taxpayers' expense.

This brings us to the role that the Federal Government should play in participating and setting up programs for students after they graduate from high school. There has been much criticism leveled at Congress because of centralization of power and domination and influence in the field of education. I can rightfully be placed at or near the top of this list. However, I feel that S. 2490 finally sets up a proper program that cannot be subject to such criticism. It covers an area of assistance that has been lacking and in dire need, namely, financial assistance to the undergraduate student and others that need a postsecondary education and training.

That the Senate is cognizant of this fact is evidenced by the fact that in a 146-page booklet on "Federal Aid to Education," published by your Committee on Education and Labor, there is this summation:

Very few scholarships for college students at the undergraduate level exists today.

Education, like our national security, should be handled on a non-partisan basis. It should go to all persons in all categories. I believe that taxpayers' dollars should be spent with great prudence and care. This does not mean, however, that we should keep the pursestrings closed for all things under all conditions.

On April 8, 1963, Secretary of Health, Education, and Welfare, Anthony J. Celebrezze, in a speech delivered in Washington, D.C., stated:

We believe that the Federal role in education is fundamentally a leadership role. Federal support should be stimulative, selective, and, wherever possible, transitional. By underwriting educational activities which are vital to the national welfare but which would otherwise be neglected, the Federal Government reinforces education. It does not dominate—Federal participation in education does not imply “vast and threatening” involvement of the Federal Government. It would not give the Federal Government a dominant role in education. Rather it would enable the States and local communities to carry out their own responsibilities for education.

S. 2490 fits squarely within this pattern, for it covers the areas that have been neglected and for which there is need of the highest order. The Federal Government must assume the leadership to solve this problem. If it had been solved by the States or the colleges and universities, there wouldn't be any necessity for this bill. However, the educational crisis exists, and to date, since no other agency has come up with the solution to this vital problem, it is incumbent for the Congress to do so.

If we could see the chaos and the devastation of minds like we saw the pictures of the recent earthquake in Alaska, then there would not be any necessity for me to be here today to testify on behalf of this bill. Congress immediately, and rightfully so, appropriated some \$50 million for temporary relief, with more to follow. Our educational crisis has caused more damage than this earthquake, but it is impossible to take a picture of it, although it exists in all of our 50 States.

How can you photograph a student's ambition, his desperation and frustration in wanting to go to college and not having the money? His moral fiber, his dreams, aspirations, his social consciousness, his human decency, his imagination, his philosophy of life, or his esthetic sensibilities. How can you take a picture of the vast amount of brainpower that is going to waste, when we won't spend the money to develop a picture of its atomic proportions?

This is true for the average student as well as the valedictorian. When given a chance and opportunity, the average student can and does perform. For example, the vice chancellor of the University of Kansas, Dr. George B. Smith, studied the records of average students at his university, and here is what he had to say:

If the average student had been ruled out, a huge number of badly needed, skilled, and professional persons would have been lost to the Nation. In 5 graduating classes alone, the loss would have been 202 teachers, 176 engineers, 22 journalists, 31 lawyers, 25 doctors, 43 pharmacists, and 482 graduates of the colleges of liberal arts and science in the school of business.

The situation is incredible. I pointed out in my column 2 years ago that over 100,000 high school seniors in the upper third of their graduating class did not go to college because they did not have the money. This coming academic year, 1964-65 the number of students in this category will number almost 200,000. The year following that, the number of students in this group will be more. The number of students who drop out of college each year solely because they lack funds averages about 75,000 students, and this group will grow. Many parents have written to me stating: “We have enough money for the first year of college, but we cannot carry on for the second year.”

I know of one State university who had to turn away 33 valedictorians 2 years ago because they ran out of funds. The list and letters I have in my files of persons in this category is unbelievable, but pathetically true.

S. 2490 comes to grips with this problem realistically for the first time. It establishes a vast network of scholarships for students in this category. It is as vital for America to take care of students with brainpower, as it is for those persons who are on relief, to prevent them from starving. It is as criminal to starve the human mind, because of lack of money, as it is to starve the human body.

College costs keep going up and up. It takes from \$2,000 to \$3,500 a year to send a boy or girl to college, and this figure is almost higher by the time it gets into print. There is one point, I believe, that everyone must be in agreement, and that is the fact that the average family can no longer pay for college fees out of earnings. Parents must borrow, or get some kind of financial aid to keep their children in college.

Do the parents of the students want giveaways? Or are they willing to pay for what they want? I am talking about the millions of students in the average or below-average category who want education beyond high school, be it academic or vocational. I can honestly state that these persons with whom I meet—before groups that I talk, and the hundreds of thousands that write—all would prefer loans, loans of the type that would permit them to borrow while receiving their education, and which they would pay back after they graduate or finish their courses, at fair interest rates. This is what is vitally needed, and which would be the answer for almost 80 percent of the students seeking an education beyond high school.

This portion of S. 2490 could be accomplished at little expense to the taxpayers. It could be done in various phases and formats, if the Government would only guarantee or insure the lenders and participants in these programs. The present bill permits a guarantee of up to 90 percent of the unpaid balance and interest in case of default. I feel that if the Government guarantee went up to 100 percent, the participation in the program would be larger, and therefore more students would receive this assistance. There is no gamble in guaranteeing student loans. We have many loan programs, private in nature, from fraternal groups, foundations, State programs, and others, who for years have been making loans to students at low rates of interest, some at no interest, and some only with a moral obligation to pay.

A survey of this entire field showed me that the losses over periods of over 25 years showed losses of much less than 1 percent. Therefore even bankers have come to the conclusion that student loans are not risks, but a public service. However, the fact that this type of loan consists of two components, low interest rates, and lengthy periods of paybacks makes the guarantee feature of this program a necessity in order to obtain as full a participation in order to take care of the greatest numbers.

I urge that this category of guarantees for groups that want to help the students should be so broad that not only will banks be permitted to participate in making loans, but savings and loan banks, nonprofit charitable groups, welfare groups, and others should be permitted to set up organizations if they so desire, to make it as easy as possible for students in all categories to make loans.

There should be no necessity for long and arduous forms to be filled out. It should be as easy to make a loan to obtain a higher education, and it should be as accessible as buying a car, a radio, or a household appliance. Therefore I urge as strongly as I can that these programs should not be limited to our accredited colleges, but also to our many fine colleges who have been able to obtain the necessary endowments to become accredited. In my opinion, accreditation is not a measure of quality, but a measure of wealth. We have no national standards in our college or university system today.

In saying this, I speak not only for many small colleges that are not accredited, but also for the fine members of the Council for the Advancement of Small Colleges, many of whom are accredited, but who do a yeoman job in the field of higher education.

In addition, I feel that any school that has been approved for training by its State department of education should be permitted to have their students make loans so that they can train these students for gainful employment. I believe that a student that wants to become an auto mechanic, an electronics employee, a barber, a beautician, a draftsman, a commercial artist, a stenographer, a typist attend a business college should have equal opportunity for training.

The upgrading in education must take place all along the line. (I have prepared appendix A, which is a survey of one institution—doing just like what you were speaking of the GI bill.) I won't give the name of each of the students, if he was employed, what he was doing, how he was helped. It is in the appendix A. This I could multiply by many thousands. Appendix A is a typical example of what has been done.

Senator MORSE. We are delighted to have it as a part of the record. (See p. 687.)

Mr. EISENBERG. Thank you, sir. I feel that students who want to take accredited correspondence courses, attend college part time, or adults who want training should be allowed to become loan participants.

We should place emphasis on seeing that every junior college in America has access to this loan program, and not be shut out because of some phase or technicality in the law. Our junior colleges today are the only answer for over 1 million students, and it will double in attendance about every 4 years.

Freshman students are the low men on the financial totem pole. Each of them should be given the opportunity for either a vocational or higher education. By making this loan available to them, we give them freedom of choice, and do not stifle their motivation, rather than try to channel them into something that they do not want or only accept in desperation.

There has been some testimony before this committee, that the colleges themselves could participate in the loan provisions of this guarantee program. I believe it should go farther than that. I think that it can be expanded to cover all of the colleges and universities that wish to participate in a phase which I will now explain, and which will not cost the taxpayers any money. Some colleges do not have any endowment funds that they can invest in this phase of the program. Under my suggested expansion, they would not have to participate with endowment funds.

I mention this, not to be critical of the colleges and universities with large endowments—may their tribe increase—but to point out, that in all programs that call for participation of college funds, as in life, only the rich get richer or in this instance, the bulk of the aid that is provided.

By using accepted commercial loan practice, the signing of a note to a college, and having the college then discount this note at the bank, under the deferred terms, each college could then not only solve the financial aid problem for every student at their institution, but they could fill the many vacant classrooms that do exist, and use these funds for future expansion and current operating expense.

There is nothing new under the sun, and I found this plan in effect on a university campus of over 3,000 students. Not only is it working well, but the students accepted here do not have a financial problem in attending college. In this instance, the college itself keeping the notes, and not discounting them. I went over this with their treasurer and discovered that over a period of years, involving millions of dollars, the losses are so negligible as to be less than one-half of 1 percent, and even these will be paid eventually.

Therefore, I contend that the job of educating every American boy and girl that wants an education beyond high school is possible. It can be solved, and it must be solved promptly. All Congress has to do is to provide the tools to implement this, and a major tool to accomplish this is Senate bill S. 2490.

If the Senate will see fit to pass this bill, broaden its provisions as I have suggested, then equality of educational opportunity will finally exist in the United States. It will not be necessary for future generations of Americans to set up very costly retraining programs, for once you have educated a mind, it is more susceptible to be retrained.

We are now on the threshold of a huge scientific revolution that will make the industrial revolution look like a pygmy in history. The only way to prepare for it is with brainpower, not stop-gap programs, or a crazy patchwork of isolated programs. Senate bill S. 2490 has the full potential to prepare America and Americans for the scientific revolution, which, if we are prepared, could lead us to the most fruitful and prosperous period in the history of mankind.

I would be remiss if I did not mention the United Student Aid Fund in connection with this Senate bill. I have often called the USA Fund the private counterpart to the national defense student loan program. The only difference in the two programs is the fact that it does not cost the taxpayers or the colleges money.

This does not mean that I am extremely critical, or even critical of NDSL. But it does mean that if guarantees were extended to a program like this, or similar ones, the same results, that is educating college students, could be accomplished with less redtape and save the Government millions of dollars, which could well be used for the first phase of the bill—scholarships for students in the upper third of their classes, or put into the work-study program as set forth in this bill.

Hearings such as this have been set up by this Senate committee so that you may be informed as to the need for the bill, what it will accomplish, and what good will result.

The main criterion, of course, is whether or not there is a necessity for such a bill. Therefore, I went to the potential recipients of this bill, through my newspaper column, and gave the people a detailed

outline of what this proposed bill contained, and asked the people to tell me what they thought, so that in turn, I could pass this information on to you.

Of course, I have many hundreds—I can say thousands—of these letters, and more are coming in every day. I want to thank this subcommittee for the opportunity of letting these people be heard, and compliment you for wanting to hear the voice of the people.

I do not wish to burden the subcommittee with all of these letters, but I have excerpted portions of about 50 of these letters to show how vital and how necessary this bill really is, for these people could very well be your neighbors and mine. Any representative of this subcommittee is welcome to examine these letters at any time in their original form, or look over all of the letters that have come in to support this bill.

Rather than take up the time of this committee—unless you want me to go over some parts of the letters—I will skip it and come to my conclusion, with your permission.

Senator MORSE. Mr. Eisenberg, I am grateful for your putting these excerpts into the record, because you will be surprised how persuasive they are as exhibits in the legislative process. These voices, which come directly from the potential recipients, are going to be heard in the debate on this bill. I think this is very valuable evidence, and I want to thank you very much for it.

I will now rule that all these excerpts be inserted into this record as though read by you at the hearing this morning. In the interest of saving time, I have decided to do that, because we do have hanging over our head the oncoming bell calling us to the floor of the Senate, and I want to hear your summary and the conclusion of your very able testimony.

(The excerpts from letters referred to follow :)

We are two 16-year-old boys, consider ourselves good students, come from families that are hard working and honest, but in the lower income class. This is a good generation, contrary to bad publicity, and we are dead serious. There is positively no better investment for America than to put her money on our generation. There is no better collateral to be found.

I have a child in the first year dental school which is costing about \$4,000 for the first year. My daughter will enter college in September 1964 at a cost of about \$1,800 a year. We are searching for a loan, and it seems the only ones available are at banks at high rates and payable immediately. My wife and I want nothing for ourselves, but with a salary of \$6,300 a year which I make, are unable to meet the obligations of the high cost of education for two fine and worthy children. The passage of this bill will alleviate much of this. Our thanks to you for any help toward the passage of this bill.

As a retired schoolteacher I beg you to pass this bill. We have the greatest country in the world and I feel our society will be made much greater through education, so it is hard for me to understand why this bill shouldn't be passed.

Investment in student education is the biggest financial worry most parents have today. I have a 16-year-old daughter, who is a high school senior, and two sons, 12 and 11. It could cost us \$20,000 to educate them. My husband and I have agreed to do this, even at the cost of depriving ourselves and our children

of things to enjoy. The passage of this bill would be of great benefit to parents such as we.

I pray to God that this bill will be passed. It is a cheap price to pay to better the fertile minds of our children if they qualify for further education but are denied this due to a family's financial position. Yours for a better tomorrow.

As a mother of six children, and the oldest boy now a junior in high school, I certainly am in favor of Senator Hartke's bill. Along with the civil rights bill, the passage of this will truly be a living memorial to our late President.

As a senior class counselor it behooves me to write to you strongly urging the passage of this bill. In the upper third of our coming graduating class of 390, only 11 of them will be financially able to enroll next fall at a college. Scholarships are not easy to come by, here in this small town, and although we were able to get a few, so many others are left out. Down through the ages most of our geniuses have been very poor. Other countries seem to recognize their best students, and this is the answer why their scientists and technicians are gaining on the United States. In wonderment, who could possibly not want this bill passed. The enactment of this bill would be most heartwarming and restore the faith of many men such as I who is involved in education, and feel committed.

In order to finance the education of my children, I have two commercial loans now; each will take me 6 years to pay off. At that time my two younger children will be ready to enter college. The financial burden on a parent is terrific especially when high school boys cannot find summer work to save for college. I don't say the Government owes us a living, but I do think the Government has an obligation for furthering the education of future generations. Your thanks will be paid back in a better world, believe me.

It is a shame the way we throw billions away on foreign aid when so many of our own need the help. This bill should be passed before we even consider grants and aid to countries that are not grateful. I know our students would be, and we owe it to them.

I have two sons (twins) graduating in June from high school. One has been accepted at Drexel Institute of Technology, and the other at a State college. If there was something like this bill for them to borrow some money from, things would be so much better for them and all the other common working people like us who just can't make enough money to afford to send their children to college, just because they are good students.

As a former recipient of a national defense graduate fellowship I wish to express my wholehearted support for the passage of S. 2489. I certainly hope that many deserving students will have the opportunity to obtain a higher education by the passage of this bill. My contribution is the success I am making as one of a team in cancer research. Perhaps we will find the answer.

We don't want subsidies, we want a chance for our children to get an education, but not be burdened by exorbitant interest rates and high monthly repayments. We want to help them to help themselves. Thousands of women like myself have become the sole support of their children. We have no property or side investments on which we may take a mortgage, our monthly salary is all we have. When we attempt to borrow \$500 or \$1,000 for educational purposes,

we must not only find someone to cosign a demand note, but this person must also be able to show that he is worth 10 times the amount of the requested loan. I am in complete favor of S. 2490.

In my humble opinion the passage of this bill would be a gigantic step in the right direction. It would cure our unemployment problems, help to obliterate poverty, and insure sufficiently trained personnel for national advancement and national security. What a wonderful investment.

Our savings account is drained dry. Our eldest son is now a sophomore at the State college, our daughter is graduating in June from high school, has won a partial scholarship, and our middle daughter is finishing her first year in nursing school. The enactment of this bill would truly be the answer to a prayer for us and so many like us.

As a Negro holding a BA in philosophy and an MA in English, I am hoping to enter medical school in September 1965. I will work until then, and save every cent I make. This bill would be a great aid to me. The demands for doctors are great, and I want to be a good doctor, and a credit to my race. Please pass this bill, so many will benefit, and in the final consensus the world will be the chief beneficiary.

As a resident of a hard-pressed area, the impact of increased education and training for greater numbers of youth in this area will in turn have an attraction for business and industry to locate here. This will add up to a lot of return for a modest investment. My appeal for the passing of this bill is echoed by so very many in this part of Pennsylvania.

The words "equal opportunity" truly lose their meaning when thousands of worthy students are denied a college education because of the lack of money. May our Congress have the foresight to see the potential gains that could be made by passing this bill. The thanks and blessing of millions of Americans will be heard.

I'm 57 years of age, with a wife and a 20-year-old son. I have been furloughed from the railroad for over 27 months. My employment checks ran out in July 1963. The odd jobs I am able to find last just a few days at a time. I hope to be able to do some outside painting jobs now that the weather is getting nicer. My boy is working and saving and getting nowhere. He received a scholarship for being the most valuable player from his high school, but had to bypass it as he didn't have enough money. I want a better life for my son than I have had, and he wants so very badly to be a teacher. Please pass this bill, a loan from the Federal Government would be a Godsend to people like us.

As a park superintendent, I have had to refuse hundreds of young men who come each summer seeking employment so they can remain in college. Our budget does not permit us to help them all and it is sad to us to see these fine young men frustrated and worried in their attempt to secure a better education. The passage of S. 2490 will give these people the lift they so desperately need.

As a high school freshman, I speak not only for myself but for all students of the United States capable of entering college, but because of financial difficulties are denied the opportunity. In 1967 when I plan to enter college, will I, like thousands of other eligible students, be rejected and have the doors closed in my face because of financial needs or will be accepted because this bill was passed. I leave this up to you.

By making possible an education through easier financing you will be making it possible for more young people to have a good education which in turn will help provide this country with educated people in all phases of life. This will provide leaders which this country will always need. I am a high school principal, and urge you to do everything possible for early passage of this tremendous bill.

With one daughter in college now, and in 2 more years will have twin sons entering college, we are proud parents but also very worried parents. They scholastically deserve their chance. Senator Hartke, our prayers are for much success in carrying this bill through until it is enacted.

As a group from the State of Pennsylvania, the following 40 names are written in the expressed hope that our Senators, Clark and Scott, will do their utmost to pass this bill. These 40 names represent parents of approximately 145 boys and girls who will be the recipients of its good. They in return will repay a hundredfold by being the good educated citizens of tomorrow.

As parents interested in education of our children and thousands of others who would like to go to college but are unable to do so because of lack of money, we are wholeheartedly in favor of passage of S. 2490. May our voices be heard in Washington, and may every Senator and Congressman be informed of the hope of thousands of parents and children in this country.

We the undersigned are most emphatically in favor of S. 2490 being passed. We trust that Senators Young and Lausche feel the same way. May all the Congress have vision, to realize our youth with a good education will prove to be our greatest national asset.

My son is one of the fortunate ones to receive an Academy appointment, and is a fourth classman at the Air Force Academy in Colorado. We are indeed grateful, but also very humble, as so many fine boys and girls in this area could not continue their education, and cannot find employment. It is sad to see defeat on the faces of 18-year-olds. But it is there, believe me. Please help them and pass this bill.

I am wholly in agreement with loans. Those who pay for their education know how much it means to have to work and value the money and time to a greater degree than those who are given the money as a matter of course. It is vitally important to do something about this soon. Young people will have the chance to improve their own life and as a result the world will be the beneficiary.

I am in favor of this bill. There is so much talk about Russia and their odd way of thinking, which is true, I'll grant you, but they do have one good point. No child is denied an education because of lack of money.

My son is a sophomore in Pennsylvania State College, his last term payment is due now, my husband a coal miner has not been employed since October 1963, the mine is closed for good. Our funds are exhausted. I only hope and pray in some way we can keep that boy in school.

As a mother of four boys who will be entering college between the years 1965 to 1971—and aware that the years go by very fast, I am indeed concerned as to how my husband and I will manage this, what with the rising costs predicted for college education in the next few years. My husband is a schoolteacher. I pray

that Congress will be kind to us worried parents who want a good life for our children.

Being a college graduate who was fortunate enough to obtain financial assistance, I am only too aware of the many sacrifices many poor families like mine have to make without supplementation from another source. My last 2 years were made much easier by even the modest amount I was granted. This bill should be a great boost to a multitude of aspiring students. (Out of a high school graduating class of 1943, I am the only college graduate.) My work with the West Virginia Division of Rehabilitation makes me doubly cognizant of the need for more education for all young people.

I strongly recommend the passing of S. 2490. I am a father of four, one of which is a boy who we are trying to arrange a college education for at this time, especially his first 2 years, but our financial outlook is not very bright. Loans are available but the payments are too high for us to handle.

It is too bad this act wasn't enacted in the thirties. The world would be a better world today. And I am sure there would not need to be a "War on Poverty" in this land of plenty. Give light and the people will find their own way. It is most important that each and every Senator and Congressman lives up to his obligation as a lawmaker not to close his eyes to the need for Federal aid to education.

Our children have all had a college education with sacrifice on our parts. Of course the cost of education was not as high as it is at the present time. Now we have 17 grandchildren, and most of them will need at least a loan in order to enroll at a college. As a grandfather, I hope and pray this bill will be passed.

Our Nation can only survive as a strong bulwark against all forms of tyranny, when we learn that education for all people regardless of race, color, creed, and income is our greatest defense.

We must develop the E bomb (education). I am a teacher of the third generation now and am most aware of its potential for survival in this complex age. I strongly urge the passage of S. 2490.

The financial burden of rearing a large family has prevented us from saving any money for college education. My husband is a postal worker, and previously had spent 15 years in the armed services. As you well know, neither job brings an abundant income. However, I do not feel that my children should be denied a college education because we are in a lower income bracket. We don't want charity, but a chance.

As the superintendent for schools here in a depressed area, I strongly favor passage of this bill. It would be a boon to so many deserving students who because of lack of funds cannot further their education, and as a result take low-paying menial jobs or become one of the unemployed.

We have three children in school. Two in college and a sophomore in high school. There is no college close enough to our home so that they can commute and they have to stay on campus. Our take-home pay is \$400 a month, so we are having quite a struggle to keep two in college and the home going. I know many, many parents are in the same trouble as we are. For the life of me I can't think of one good reason why this bill shouldn't be passed. It is lifeblood for our country.

I am a sophomore at Penn State and unless some miracle happens I am going to have to drop out. I will work all summer and save as much as I can, but that won't be enough. I am an orphan, and have no one to assist me. A long-term Government loan would truly be the answer. Please pass this bill, and accept my heartfelt thanks.

I feel that when the child pays the loan he gets much more out of college, and a deeper feeling of satisfaction of a job well done. This bill should be passed—it is an absolute necessity.

I am definitely in favor of S. 2490 and pray for its speedy passage. There is a great need for aid for the average student who gets B's and C's and cannot qualify for scholarships. Our son, a freshman * * * will have to drop out next year unless some help such as would be provided by this bill is forthcoming. He is in school now because we have begged, borrowed, and scraped enough for 1 year, literally gambling that somehow help would be available next year. * * * Our situation is not unique; there are many parents in the same situation. What a terrible waste of talent and brains when these kids who are qualified students must drop out of college purely because of lack of money.

S. 2490 would provide relief for this, and other parents in the same circumstances and not at taxpayers expense.

Our daughter had to drop out of college after 1 year because she could not earn enough over the summer to get her tuition for the following year. This bill would help those in her position.

I heartily endorse S. 2490, and know that many of my friends do also. As I am in the 12th grade, I know the financial status of several of the students who rank highest in the class. The top five students cannot afford to go to college. One girl could hardly get the money to apply for tests and for college entrance. A boy's family cannot afford a telephone; another girl has had a lot of sickness in her family * * * and the father of the top girl in the class won't sign for a loan for her. At the other end are young people who are only fair students—perhaps B and C students who have taken the academic course but who most likely would not qualify for scholarships. Please—help these students and the Nation.

Being from a poor family, I realize that in 2 years I will have trouble in trying to get into college, not because of my grades, for I maintain a steady B average, but because I simply do not have the money. I certainly hope S. 2490 will be passed to help me and others like me.

I graduated from high school in the depression years of the middle thirties. My parents were financially unable to provide me with money necessary to complete my education. Without a college education I have been struggling to earn a decent living. Now, my son, an honor student, and a member of the National Honor Society, is ready to graduate from high school. He has a strong desire to study medicine, and a mental capacity to absorb the knowledge. I find myself unable to finance his college education because of my own earning capacity, together with the ever-increasing cost of college tuitions. It would be most gratifying to hear of the passing of a bill such as S. 2490.

I am a widow living on social security. I have four children who are honor students. Son is going to high school next year. They all say they want to go to college. But I know I will never be able to afford it. I sure do approve S. 2490 so my children can get a higher education.

I am a senior in high school and I would very much like to further my education. But I am doubtful if this is possible for me. My hometown is a depressed area. My father has been unemployed since 1960, and with a physical handicap it has been impossible for him to secure work. So I don't know where I go from here. I am in the upper third of my class but it is impossible for my parents to give me any financial assistance toward my higher education.

It is with great pleasure that I write you to inform you that I am in favor of S. 2490. We had the experience of our own son having to drop out of college after 2 years because of lack of funds to go on.

I favor S. 2490 * * *. How ironic that we let go to waste the brains of many capable students all the while crying about the threat of Russia's many educated engineers and scientists * * *. A country that can afford to give so much financial aid to other countries cannot afford not to educate every capable student here at home.

I am the proud father of a 17-year-old boy. I worry how I will be able to send him to college. He has the grades but I do not have the money * * *. I favor S. 2490 and hope for its passage. I know I could pay back a loan in the future.

It is the hope of every responsible and mature parent to send their children to college. I have two sons who will be in college at the same time. Finding the necessary funds to send both boys to school will pose a problem * * *. That is why I am in favor of S. 2490. We will not survive as a nation, if our youth are not properly educated.

I most certainly am for S. 2490 * * *. You know why there are so many drop-outs? I think its because the teenager thinks "what's the use, my parents won't be able to send me to college."

I favor S. 2490 100 percent because I have younger children that would like to go to college but I just can't afford it. In fact I have one going now on a shoestring and I don't know if she can finish or not.

I wish to make known my favorable reaction to S. 2490. I have been involved in nursing for many years, and at present am teaching in a children's hospital. The need is great for nurses and other health workers * * *. The bill would contribute to the improvement of health care and I hope it will pass.

I am employed as an auto mechanic and have an income of approximately \$5,000 a year. I have four children and a wife to support * * *. My son has been accepted for college this fall but I don't have the money to send him * * *.

My husband is a public school teacher and we have four children whom we hope to send to college. We have plans for this such as endowment insurance and possible existing scholarship aid. I am a housewife of 39, working a full evening shift at a ceramics plant and going part time to college, so you can see that my interest is in educating both myself and children.

I am particularly aware of the need of financial assistance for young people who desire to attend college, for at the present time I have all four of our chil-

dren attending college. The total cost or expense of the four amount to almost \$10,000. Because of my limited income as a minister, we had to borrow almost \$3,000 in addition to summer and part-time jobs by the children, grants, scholarships, and all I can give them out of income * * *. I know that without the possibility of loans, many families would not be able to see their children attend college. Therefore, I hope that Congress will give serious consideration to this bill and pass it for the future growth of our country.

My family and I wish to make our voices heard in favor of S. 2490. We and all true Americans believe its finer and more sensible to fight H bombs with "E" bombs as you suggest. I am confident that our American legislators will be glad to stand up to be counted in this important fight.

Our family is one of moderate means and one which has been burdened with considerably more than average medical expenses. Our daughter graduated from college in June of 1963 (worked her way through) * * *. Now our son is a junior in high school and a honor student with math and science majors. He wants very much to attend college, but each of us is wondering how this will be accomplished. Due to a physical affliction I have, he cannot go to college unless I am able to work which may be impossible * * *. We know that we are but one of many families in similar circumstances whose young people will be unable to manage college without assistance in the form of loans, scholarships, and student employment, but who wish to contribute earned funds toward attaining a college education.

We have six grandchildren and we hope they will secure the best education possible for their capabilities. I am a retired school teacher and am very interested in education of all of our youth.

I am a senior in high school, in the top fifth of my class, a member of National Honor Society, and unable to pay for my first year in college without some form of scholarship * * *. I am aware of the pressures on education caused by Government intervention, but I am also aware of the pressures caused by a lack of funds * * *. It is a romantic fallacy to think that colleges and universities can be completely self-sufficient or dependent upon one State for revenue * * *. I remind you: the duty of the Government, be it Federal or State, is to do for the individual what he cannot do for himself in the individual capacity * * *.

We have a daughter in college now under a scholarship and Government loan * * *. Without the Government loan she could not have gone to college * * *. We have a son coming up in 4 years and a younger daughter 4 years thereafter * * *. We would not be able to send these children to college without Government loan assistance * * *. I am sure there are many more such children in these United States of ours and it is about time we helped them attain the education they need, no matter what color or creed they are. So you have five votes from our family for this bill * * *.

There are too many capable students not able to obtain a college education due to lack of finances. Student employment opportunities will be an excellent form of aid to the student. Most of our young men and women are willing to work, just give them the chance. * * *.

I have one child in college and another going in September. We are hoping we have enough money and they will not have to drop out because of lack of funds * * *.

So many deserving young people are not able to go to college because of finances. We ourselves have one and probably will need help in this way * * *.

Since the costs of higher education are getting beyond the reach of all but the wealthy we think it is time for the Government to take action.

I have a grandson that is graduating from high school this year but who may not get to college for financial reasons * * *.

APPENDIX A

TECHNICAL SCHOOLS, INC.,
CLEVELAND ENGINEERING INSTITUTE,
Cleveland, Ohio.

Mr. SID EISENBERG,
Shaker Heights, Ohio.

DEAR MR. EISENBERG: The following survey covers a typical cross section of results obtained from Technical Institute training at Cleveland Engineering Institute. The men herein referred to, obtained their tuition and expenses from the Federal and State Government through the Veterans' Administration, Public Laws 346, 550, and the War Orphans Act, the Bureau of State Rehabilitation and the Bureau of Indian Affairs.

The general conclusion to be drawn from these case histories is that in all cases, where these men started either as unemployed, or in unskilled categories, they acquired a skill and a career, or a promotion to a better job at a higher salary, plus a potential for advancement and promotion in a technical field of their choice. In all instances, their training upgraded them in their jobs and exposed them to opportunities for better life and higher standard of living than they would otherwise have.

Sincerely,

CHARLES N. ZELENKO, *President.*

The following group of graduates obtained their training through the assistance of the GI bill of rights both under Public Law 346 and Public Law 550:

- Karl Haapanen: Was machine operator; graduated architectural drafting course; industrial designer, Ternstedt Division, General Motors, Detroit, Mich.
- Ivo Tomazzi: Ironworker; graduated structural drafting course; employed as draftsman, Springer & Morrison, Cleveland, Ohio.
- Alfred Look: Bench hand; now employed as plant layout draftsman, astronautics, San Diego, Calif.
- Elmer Malcomb: Garage worker; graduated machine design course; employed as draftsman, Cleveland Transit System
- William P. Bailey, Jr.: Unemployed; graduated architectural drafting course; employed architectural draftsman, NL Corp., Cleveland, Ohio.
- Raymond Golembezyk: Was machine apprentice; graduated machine design course; employed as draftsman, Dracco Division of Fuller Co., Cleveland, Ohio
- Michael A. Teutsch, Campbell, Ohio: Was spot welder; graduated architectural drafting course; employed as estimator, Commercial Piping Co., Youngstown, Ohio
- Robert D. Taylor: Structural draftsman; Frank Eroskey & Associates, Cleveland, Ohio
- H. Dale Shaner, Ellwood City, Pa.: Was heavy equipment operator; graduated structural drafting course; employed as design draftsman, Mathews Conveyor Co., Ellwood City, Pa.
- Emil T. Gregor: Was machinist; graduated machine design course; employed as service development technician, Cleveland Graphite Bronze.
- Richard D. Carleton, Chagrin Falls, Ohio: Was assembly worker; graduated machine design course, sales engineer, Speed Selector, Inc., Chagrin Falls, Ohio.
- Edward Mogus, Lorain, Ohio: Factory worker; graduated machine design course; employed as designer, General Electric Co., Evandale, Ohio.
- Richard Kubilius: Was machine operator; graduated machine design course; draftsman, Stratton Equipment Corp., Cleveland, Ohio.

- Robert L. Heaton: Was steelworker; graduated machine design course; employed as draftsman, Wilkinson Co., Akron, Ohio.
- Ershel Conrad, Grafton, Ohio: Was tool and diemaker; graduated tool and die design course; employed as production engineer, Brown, Lipe, Chapin Division, General Motors, Elyria, Ohio.
- John Turnbull, bolt finisher; graduated tool and die design course; draftsman, Republic Steel Corp.
- George Bistey: Shopwork; graduated tool and die design course; designer, Accurate Design Service.
- Donald R. Lesiak: Was electronics technician; graduated machine design course; professional engineer, State of Massachusetts.
- Michael Lesiak, U.S. Navy: Graduated architectural drafting course; employed, U.S. Plywood Co., Santa Fe Springs, Calif., as an iron and steel detailer.
- Edward J. Ostrowski: Was expeditor; graduated machine design course; employed as layout draftsman, Thompson Ramo Woolridge, Cleveland, Ohio.
- Ronald L. Titus, U.S. Air Force: Graduated tool and die design course; employed as tool designer, Capitol Manufacturing Co., Columbus, Ohio.
- Dick Sampson, Lorain, Ohio: Was tracer; graduated machine design course; design draftsman, Thew Shovel Co., Lorain, Ohio.
- Emil C. Ramba: Was office worker; graduated machine design course; employed as senior designer, Baker Industrial Trucks, Cleveland, Ohio.
- John F. Zeitler: Was grinder hand; graduated machine design course; machine designer, Cleveland Graphite Bronze.
- John L. Schmidt, U.S. Navy: Graduated machine design course; designer checker, Yoder Co.
- Andris Kolns: Unemployed; graduated machine design course; designer, Cleveland Worm & Gear Co.
- Richard L. Schaffert: Was diemaker; graduated machine design course; employed as equipment designer, Motorola Corp., Scottsdale, Ariz.
- Ira W. Lichteg: Was drill press operator; graduated tool and die design course; employed as electronic draftsman, Lawrence Radiation Laboratory, Livermore, Calif.
- Frank S. Trebec: Was machine operator; graduated machine design course; product designer, White Motor Co.
- Eugene Lobosky: Was lathe operator; graduated tool and die design course; employed as layout draftsman, the Viking Copper Tube Co., Cleveland, Ohio.
- Anton Blatnik: Factory worker; graduated machine design course; designer, Pesco Products, Cleveland, Ohio.
- Charles C. Shank: Was factory worker; graduated architectural drafting course; employed as draftsman at Lakeside Ware & Iron, Painesville, Ohio.
- Mathew C. Perito: Was clerk; graduated tool and die design course; chief draftsman, Ohio Electric Co., Maple Heights, Ohio.
- Robert Basista: Was detailer; graduated structural design course; professional engineer, Dalton, Dalton & Associates, Cleveland, Ohio.
- Gerald Riggle: Was stockman; graduated tool and die design course; employed as mechanical draftsman, Overbeke, Kain Co., Bedford, Ohio.
- Anthony Godec: Was factory worker; graduated structural drafting course, employed as chief draftsman, Builders Structural Steel Co., Cleveland, Ohio.
- George Wasko, Meadville, Pa.: Was clerk; graduated tool and die design course; employed as design engineer, Talon Corp., Meadville, Pa.
- The following group of graduates obtained their training through the assistance of the Bureau of Vocational Rehabilitation which is part of the national rehabilitation program:
- Don E. Michael, Defiance, Ohio: Was mechanic; graduated machine design course; process engineer, Aro Corp., Bryan, Ohio.
- Tracy Shipley: Unemployed, graduated machine design course; employed as mechanical draftsman, Lombard Corp., Youngstown, Ohio.
- Tom Gecha: Unemployed; graduated machine design course; employed as mechanical draftsman, Cleveland Electronics, Inc.
- Herman Fraunhoffer: Was unemployed; graduated architectural drafting course; employed as architectural draftsman, Irving Robinson, architect.
- John Suhogo: Was unemployed; graduated structural drafting course; employed as draftsman, Centerline, Inc., Cleveland, Ohio.

The following group of graduates obtained their training through the assistance of the Bureau of Indian Affairs:

Ike Peacock: Unemployed; graduated structural drafting course; employed as draftsman, Burnell Electronics Co., Casa Blanca, N. Mex.

Senovio Duran: Was unemployed; graduated structural drafting course; employed as structural draftsman, Allen United Steel, Cleveland, Ohio.

The following group of graduates obtained their training through the assistance of the War Orphans Act:

Francis P. McMahon: Unemployed; graduated structural drafting course; employed as draftsman, Radiation, Inc., Melbourne, Fla.

Robert Keaton: Unemployed; graduated architectural drafting course; employed as architectural draftsman, Lakewood Hospital, Lakewood, Ohio.

Senator JAVITS. Mr. Chairman, if I may be excused to go to another committee, I too would like to express my appreciation for Mr. Eisenberg's statement—I have read it through and I think it is terrific.

Mr. EISENBERG. Thank you, Senator Javits. In conclusion I want to repeat, and in connection with what you have said before, I have over half a million letters, and if the representatives of the States, Senator, want to get more, I have them from all States. If any Senator or Congressman does not think that this is the voice of his people that has come in, I will give him the full file of the names and addresses of what persons from his State wrote them.

I have one here which was too late to classify—I didn't have time to have it included. Each one is greater than the other—the bulk, the heart of America.

This one letter that just came in just touched the point of almost half a million letters.

I will reprint in its entirety a copy of a letter I received from a young girl who is a high school junior in Ridgway, Pa. This letter was sent to me on April 7, 1964. It epitomizes what the people have been asking for in the some half million letters they have mailed to me, for the problem of financing a higher education existed before this bill was introduced. It offers the solution for the vital problem that exists in the homes of millions of Americans:

SIDNEY A. EISENBERG,
Columnist, The Bell Syndicate,
Cleveland, Ohio.

DEAR MR. EISENBERG: Today I read a striking article about the help you have given students in their hopes for a college education.

As a junior in high school, I am nearing the time for a further education in life. As my future stands now, my family is unable to give me the education I want. This is why I have come to you for a ray of hope.

A college education is the most important thing in my life to me at this moment. I am very interested in some phase of English, such as speech, journalism, communications, or just teaching English. My hopes are so strong that I have been moved to write the following. This was written one day when I was in great despair about my future education.

I go to the hills of peace,
To the veils of comfort.
There I find solitude,
For I am troubled.
My heart rejoices in their beauty.
And my mind is free.
Life has covered me with a blanket of distress.
It has burdened my shoulders
With the troubles of time.
My heart feels pain because I am worried.

My mind is a prison enclosed by walls of troubled thoughts.
 Why must I wander through this forest of strife.
 Afraid to face the truth,
 And too bold to restrain my tongue?
 Fear is a lonely feeling,
 And boldness is frightening.
 I am lonely because I am afraid and bold.
 Will life forever trap her believers,
 In a dungeon of hopeless escape?

Now, Mr. Eisenberg, I shall close with hope in my heart and a prayer that you can help me with my future education.

Sincerely,

SANDRA ———.

Sandra, the answer to your problem, and millions of others like you is contained in S. 2490, which I, too, pray will be enacted.

It is about time that we started treating you, and others like you, as human beings, and not as a mere statistic. Thank you.

Senator MORSE. Again, Mr. Eisenberg, I want to thank you for this brilliant testimony, because it is brilliant. But it is more than that. I think you have really brought this bill down to a denominator of common understanding. If people will read your testimony I shall do my best to see to it that the essence of your testimony is known to not only the members of my subcommittee, but known to the Senate, when we get to the floor of the Senate for debate on this bill.

I have no questions. You have answered them, and I want to thank you very much for your testimony.

Mr. EISENBERG. Thank you very much, sir.

Senator MORSE. I think Counsel Lee ought to make a brief statement about the testimony that we planned to have for the bankers' group, but because of the fact that they could not be here this morning, they are going to file the statement.

Would you supply for the record a statement, Mr. Lee, as to what that situation is.

Mr. LEE. Unfortunately, Senator, the American Bankers Association is meeting in convention at this time. The staff of the association was unable to get the witnesses that they had hoped to have testify in open hearing. I have been assured, however, that a full statement containing the position of the organization will be submitted within a week for the records of the subcommittee, for its consideration of the subject.

Senator MORSE. I know something about the interests of the American Bankers Association in this bill, and I had planned to thank them, when they arrived in person, for the great assistance they have been to the chairman. I want to now thank them in their absence.

I want the record to show that their statement will be made a part of this record, as though presented by their witnesses; and I want them also to know that whatever suggestions they have—and I am informed that they have some—for modifications of this bill, will be very carefully considered by the subcommittee.

I think it is so important that we bring the private segment of our economy into the operation to obtain the objectives of this bill. I know of no group better qualified to advise us as to how we can make a workable bill, from the standpoint of its loan provisions, than the bankers themselves.

I quite agree with Mr. Eisenberg that we ought to give consideration to 100 percent loan guarantee because this is a sound investment,

and I think, Counsel, we ought to also consider, after we get the bankers' statement made part of the record, or what I now say may be covered by it—I don't know. We ought to have a memorandum, however, for the subcommittee which will give us whatever the facts are in respect to the interest rate problem that is undoubtedly going to arise in connection with our consideration of this bill.

The chairman does not even express a tentative opinion this morning because I want to first have all the facts. But I think, Mr. Counsel, we ought to have a memorandum prepared to show the effects, from a tax standpoint on bonding institutions if the bill were to provide for an interest rate somewhat below the commercial interest rate. It will be said by some that even with a 90-percent Government loan guarantee, the lending institutions should be willing to take less than a commercial interest rate on a strict business basis, to say nothing about the public service basis that Mr. Eisenberg and other witnesses appearing before the subcommittee heretofore have commented upon. And, of course, if the language should be changed to a 100-percent loan guarantee, this is all the more reason why the interest rate should be somewhat less than a commercial interest rate. There is in this bill a public service feature and in my judgment, bankers are very, very much aware of it.

I dedicated last Monday in Miami, Fla., a new national bank, the Jefferson National Bank of Miami Beach. At the luncheon following the dedication, I had an opportunity to talk to a considerable number of bankers about this bill. I wasn't surprised to learn of their enthusiasm for it. I also heard them restate what I knew was a fact; namely, that their support for the bill was based in part, upon public service opportunity which the bill will give to financial loaning institutions. It will enable them to make a contribution of public service to meet a great national need.

But some of those bankers—I say "some"; two of those bankers said to me, "Senator, you ought to get someone to look into the advantages that could accrue to the banking institutions, and the lending institutions. If there were a reduced interest rate provided. There may be tax deduction benefits that the bank would obtain because of this contribution financially to a public service."

As this occurred at a luncheon, I didn't have time to go into it in any detail with the two bankers who talked to me about it, and I am certainly not a financier or a tax expert. But I would like to have counsel prepare a memorandum for this subcommittee, or have it prepared for the subcommittee, to determine what the facts are in regard to any offset that the banks might receive in tax deductions if the interest section of the bill should provide for less than a commercial rate of interest.

I don't know what the facts are, but I judge from the conversation that I had Monday with these two bankers in Miami Beach at the bank dedication luncheon that they were of the opinion that some tax benefits could accrue to loaning institutions if they were limited in their interest rates to less than commercial interest rates.

So, I would like to have counsel look into that, and I, in turn, will try to get more information from those bankers who talked to me about it. But certainly, if there is some tax deduction benefit that the lending institution could receive because of making loans to students at lower

than a commercial interest rate, all the more reason, in my judgment, why we should press for consideration of such a provision in the bill.

This does not mean that the chairman is going to support such a provision in the bill. I never reach a judgment as to what my position will be on a bill until I am satisfied I have all the facts that I need on the basis of which to make such a judgment.

I now adjourn these hearings, but have directed that the record be kept open until the close of business April 27 for the inclusion of letters and memorandums relative to the bill.

The staff is directed to insert in the appropriate places in the hearing record such communications and materials. It is my hope that the hearing record will be in proper form for executive session use by the subcommittee by the first week in May. I shall endeavor to get subcommittee action at the earliest possible date so that the bill can go to the full committee, I hope, before the end of May. The full committee would then be in a position to take action on the bill in the early part of June.

In closing the hearings, the chairman in behalf of all the members of the subcommittee wishes to thank each and every witness who has appeared before us for the making of what I think is one of the finest records this subcommittee has made on an educational bill in some time; and I have been proud of the past records that we have made. But it seems to me that the material that has been presented in this record has been so good that it makes a recommendation for this bill irrefutable. On the basis of this record, I shall certainly be pleased to recommend to my colleagues on the subcommittee who were not always able to be here because of other duties, that a bill on this subject matter be passed. I think the bill will closely resemble the original Hartke bill.

At this point I order inserted in the hearing record statements from the American Association of University Professors, the National Education Association, and the United Student Aid Fund, Inc., together with letters received on the bill by Senator Hartke, who has made them available to the subcommittee and such further statements as may be received.

(The communications and statements referred to follow:)

PACE COLLEGE WESTCHESTER,
Pleasantville, N.Y., April 15, 1963.

Hon. WAYNE MORSE,
*Chairman, Subcommittee on Education,
Senate Office Building, Washington, D.C.*

DEAR SENATOR MORSE: Recently the American Association of Collegiate Registrars & Admissions Officers was invited to study and make recommendations concerning the Higher Education Student Assistance Act of 1965, as introduced by Senator Vance Hartke, of Indiana.

As chairman of the Committee on Scholarships and Financial Aid of AACRAO, I have made an honest attempt, along with the others of my committee, to evaluate S. 2490 as introduced by Senator Hartke on February 3, 1964. It is our understanding that this bill has been read several times and has been referred to the Committee on Labor and Public Welfare.

Our association, founded at the turn of the century, now includes members from every State in the United States as well as Australia, Canada, Lebanon, Mexico, and the Philippines.

We were indeed happy to be asked to make a thorough study of this bill and will also be pleased to participate in any hearings deemed appropriate

by the Education Subcommittee. At this writing we consider it a privilege to offer the attached statement for the hearing record.

We await your pleasure.

Sincerely,

WILLIAM F. McALOON, Ph. D.,

Chairman, Committee on Scholarships and Financial Aid.

STATEMENT SUBMITTED BY THE COMMITTEE ON SCHOLARSHIPS AND FINANCIAL AID
OF THE AMERICAN ASSOCIATION OF COLLEGIATE REGISTRARS & ADMISSION OFFICERS

Having read and thoroughly studied S. 2490, a bill to provide assistance for students in higher education by increasing the amount authorized under the National Education Act of 1958 and by establishing programs for scholarships, loan insurance, and work study, the Committee on Scholarships and Student Aid of the American Association of Collegiate Registrars & Admissions Officers fully support this bill.

It is our belief that this bill will provide a greatly needed combination of ways whereby the youth of America may have a variety of means through which an opportunity for higher education can be made available to all those desiring such an opportunity.

The expansion of loans through the National Defense Education Act amendments as specified in the new bill with regard to institutional eligibility, and extending loan preference, not only to prospective elementary and secondary school teachers but also to college and university teachers, are vital to the future of higher education.

The loan insurance feature of the bill will vastly expand loan funds available to students, particularly in States where no guaranteed loan plans now exist. It would eliminate the waste of vast sums of money paid in exceedingly high-interest rates to organizations by parents and students who can ill afford to pay such rates.

We feel that the omission of financial need in guaranteeing the loan might cause some concern. It might be well to include the element of financial need to establish a priority in many cases. Such certification as needed could be handled by the institution of higher learning.

With regard to the provision for undergraduate scholarships in the bill we believe firmly from our experience that a "cost of education allowance" is very desirable. We feel however that the flat \$350 provided by the bill might be a debatable subject. Perhaps 20 or 25 percent of the tuition charged by the institution attended by the scholarship recipient would be more equitable and realistic.

We commend the sponsor of the bill for the inclusion of the scholarship provision and we feel that this incentive alone will vitalize all other parts of the bill.

The work-study section of the bill will, in our opinion, provide a new catalyst in the preparation for various careers and academically related work. It will make it possible for many institutions to fulfill an unmet need in providing new or expanded programs whereby support may be obtained by the institution and the trainee.

Respectfully submitted.

WILLIAM F. McALOON, Ph. D.

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS,
Washington, D.C., April 23, 1964.

HON. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORSE: The purpose of this letter is to indicate the firm support of the American Association of University Professors of the basic proposals contained in S. 2490, 88th Congress, introduced by Senator Vance Hartke and presently under consideration by the Subcommittee on Education of the Senate Committee on Labor and Public Welfare. In indicating its support, the association hopes very much that certain improvements in these proposals will be possible, but it urges that in any event favorable action looking to enactment of the bill during this Congress be taken.

Perhaps it may be desirable, as a preliminary to discussion of various individual features of the bill, to state two basic premises that underlie the position

of the association. The first is that no young man or woman who possesses the necessary qualifications and desire for higher education should be denied the opportunity of obtaining such an education solely because of financial reasons. In the opinion of the association, the Hartke bill will further this end significantly.

The other basic underlying motivation for association support is that the need for financial aid to students is already critical. Undoubtedly several of the programs contemplated S. 2490 present, with respect to various of their details, a number of problems on which further study could be helpful. But this will always be true of programs of this nature. Also, the experience developed out of a pilot program would itself be useful in resolving the various problems and uncertainties involved. In any event, the important thing in the judgment of the association is that a start be made, in fairness to our young men and women who need assistance now, and for the full utilization of our intellectual resources.

Our most specific comments are as follows :

1. STUDENT LOANS

We consider clearly desirable the extension of the National Defense Education Act student loan program in the various respects provided for in the Hartke bill, including the increase in individual loan amounts, the maximum amount available for individual institutions, and the aggregate amount authorized to be appropriated. We consider as also in order the provisions for the expansion of the present forgiveness feature for student borrowers who go into teaching.

Our one suggestion for change arises from the conviction that an even larger program is desirable, to the end that all qualified students in need of this kind of assistance may be able to obtain it. This would reflect the kind of principle that, as a matter of practice at least, underlies other programs of loan or related assistance provided by the Federal Government, such as the various home mortgage and home improvement loan aid programs. It seems to the association that it is equally applicable to the education of our youth.

2. SCHOLARSHIP PROGRAM

As already indicated, this association recognizes that further studies as to the exact extent and nature of the need, and as to the wisest and most effective approaches for meeting it, may be helpful. And indeed the association itself will, through this letter, suggest several possible improvements in the approaches contained in the Hartke bill. Nevertheless, the association feels strongly that the need is of such magnitude and of such pressing importance as to warrant an initial program without further delay; this is indicated in part by the strong pressures developing within our own membership as well as in the general community for tax credit or tax reduction relief. Also, as already stated, the experience developed through such a program would provide effective guidance for meeting and resolving the problems that are present, particularly as they relate to various sections or regions of the country with special needs.

With respect to details, the association has the following suggestions to make :

(a) *Section 212—Amount of scholarship*

We believe that the maximum \$1,000-per-year provision is too small in amount, because of high tuition costs commonly prevailing, and also because students of modest and low income need help with living and other expenses in addition to tuition. The association recommends \$1,500 as a more appropriate desirable maximum figure.

(b) *Section 214—Selection of recipients of scholarships*

This provision is not entirely clear to the association. If it limits, as it appears to do, eligibility to students who are in their final year of secondary school and who immediately thereafter go to college, it may involve discrimination unfair to a number of our young men and women who need and merit such aid. We have in mind, for example, those who will already have graduated from high school prior to the enactment of S. 2490 and have been unable to continue their education because of the absence of a Federal scholarship program; those who will in the future have to stay out for a year or more for a variety of reasons beyond their control, e.g., illness, special family circumstances, or in order to work and build up a college fund necessary even with a scholarship; and

those who are already in college, and who entered before the program became available, or who have suffered a significant financial change due to death of father, financial reverses, or the like. It is appreciated that the bill contains some provision for waivers, but the association believes that the "gap" theory, as such, is undesirable.

(c) *Section 216—State commission and plans*

It is the definite conviction of the association that direct Federal administration would be preferable to the two layer Federal-State administrative setup now proposed. The latter would create additional and unnecessary complications in administration; it could operate with unfortunate force where individual students, as distinguished from institutions, are involved; and it presents no signal advantages that would make such complications appropriate. The association does not disagree with the concept of allotments to assure an equitable distribution among the various States, but this is an entirely separate matter, and is appropriately treated in another section (215).

If the Congress believes that the State commission plan is required even where the aid is to individual students, the association urges that two basic improvements be made in the bill as presently drafted:

(1) More adequate assurance is needed that the State commissioners selected will in fact be adequately and fully representative of higher education and of the public interest, in all aspects. In view of the many critical problems that can develop in the absence of such assurance, tightening up of the appropriate statutory language, and careful and specific policing of it in actual practice, is of fundamental importance. Certainly, students whose interests, whether as individuals or as members of particular groups, are in any way disregarded are not in a position effectively to carry out such policing.

(2) There should be made available, in addition to the basic authorization of scholarship funds to be administered under the State commission plan, a special allocation or "pool" of such funds to the U.S. Office of Education for direct administration by it. Such a fund would be clearly supplemental in nature and thus limited in amount, but it could be very helpful in a wide variety of respects, including the following:

(i) With respect to what is perhaps the most difficult problem involved in an extensive scholarship program—that is, of adequately and fairly testing talent and potentials—such a pool would permit the Office of Education to experiment and develop experience, in a way that the individual State commissions could not, in devising and testing better and more reliable techniques for measuring ability;

(ii) It would be possible through such a fund to "even out" sporadic inadequacies that develop in particular years with respect to individual States or regions because of an unusually high number of eligible candidates;

(iii) It would be possible to provide funds, although on a limited basis, for deserving students with special needs, in States where State commissions are not established or become ineligible;

(iv) The funds could in general be used to meet special problems arising in certain areas or groups under distinct handicaps.

We urge strongly that provision be made for a complementary administered Federal "pool" of scholarships.

(d) *Section 217—Selection of institution*

The association endorses as highly desirable the section 217 principle that awards be made directly to the individual students and that they have complete freedom of choice as to institution. Deserving students should not, as a price for aid, be required to attend institutions of a different quality and possibly of a different nature from those they would otherwise wish to attend. In addition, the allocation of available funds among institutions would create problems.

3. INSURANCE OF PRIVATE LOANS TO STUDENTS

The association believes that this program is worth undertaking. Its basic concern is with the absence of a maximum statutory limitation on interest rate, and it suggests that one be imposed, hopefully somewhere in the vicinity of 6 percent straight interest. But whether the maximum rate be statutorily or administratively determined, the association urges that the initial rate established be as low as possible in view of the practical difficulties in reducing such rates once a program has been instituted.

4 WORK-STUDY PROGRAM

The association believes that a program of this nature makes good sense. It agrees with the position in the bill that the types of eligible employment should include those of a public and social service, as well as of a campus-oriented nature. In this respect the association prefers the S. 2490 to the S. 580 approach.

On behalf of the association, I wish to express our deep appreciation for the work of your committee and its strong sense of the public interest and devotion to the needs of higher education. We are truly encouraged by the willingness of the committee to undertake active consideration of S. 2490 as this time, and we are deeply grateful for it.

Sincerely yours,

WILLIAM P. FIDLER.

THE AMERICAN BANKERS ASSOCIATION,
Washington, D.C., April 27, 1964.

HON. WAYNE MORSE,
Chairman of the Subcommittee on Education, Senate Committee on Labor and Public Welfare, New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: I deeply regret that circumstances beyond our control made it impossible for a representative of the American Bankers Association to be present on April 15 at the public hearings before the Education Subcommittee to present the views of this association with respect to S. 2490.

Because certain provisions of S. 2490 relate directly to lending activities performed by commercial banks the views of this association may prove useful to your subcommittee in its deliberations. I am, therefore, forwarding the attached statement of views, and I sincerely hope that this statement may be made a part of the hearing record on S. 2490.

Sincerely yours,

CHARLES R. McNEILL.

STATEMENT OF THE AMERICAN BANKERS ASSOCIATION

The American Bankers Association deeply appreciates this opportunity to present to the Subcommittee on Education of the Senate Committee on Labor and Public Welfare its views with respect to S. 2490, the Higher Education Student Assistance Act of 1965.

Certainly one of the foremost challenges facing our Nation today is the development of the means and methods whereby our qualified young people, regardless of their financial circumstances, may have the opportunity to obtain a college or university level education. This challenge has been made all the more demanding by the dramatic growth in our college-age student population and the steadily rising costs of higher education which have occurred over the past decade.

So great is this challenge and so varied are its component problems, it is quite obvious that success in meeting this challenge can only be achieved through a multiplicity of programs and efforts. Overall success in this area will continue to require a high degree of individual effort and commitment from the student and his family; it will require governmental effort at the Federal, State, and local levels; and it will demand continued and growing participation by our private financial institutions.

The program embodied in S. 2490 seems to reflect a conviction that no single category of assistance program, operating alone, is going to be adequate to meet the future financing requirements of our young people who desire to obtain higher education. The American Bankers Association shares this conviction. We agree that for the gifted student of very limited means there is a need for scholarships and grants, with some coming from governmental sources. We find merit in financial assistance provided through programs of part-time employment. We acknowledge that for the immediate future there will continue to be a need for some direct loan assistance from governmental sources. We also believe that student loan activity by private lenders can and will be stimulated by programs of guarantee and insurance.

Thus, as to the need for "program mix" we agree with the basic concepts underlying S. 2490. However, to the extent that S. 2490 provides that the Federal Government must be involved in every category of financial assistance for college students, the American Bankers Association must respectfully take excep-

tion to many of its provisions. We sincerely believe that the program variety which is demanded to meet the total financial requirements of our college students can and should be spread throughout our public and private institutions and need not be present in every respect and detail in the financial assistance programs of the Federal Government.

Because commercial banking's primary responsibility with respect to financing the needs of our college students is in the area of lending, we will restrict our comments concerning S. 2490 to those provisions of the bill which involve direct loan assistance by the Federal Government and the insurance of loans by private lenders.

S. 2490 proposes to make substantial increases in the annual authorizations for student loans under title II of the National Defense Education Act of 1958, as amended. Specifically, it would increase the authorization for fiscal year 1966 by \$65 million, from the presently authorized \$135 million to \$200 million. For fiscal years 1967, 1968, and 1969 it would increase the annual authorization by \$115 million, from the presently authorized \$135 million to \$250 million.

Since the present annual authorization of \$135 million for the 4 fiscal years, beginning with the fiscal year 1966, was only recently established by Public Law 88-210, approved by President Johnson on December 18, 1963, it would seem that there is no justification for making yet another increase. Certainly the 5-month interval that has elapsed since the last authorization increase cannot be regarded as a sufficient period of experience on which to predicate an authorization increase of the magnitude proposed in S. 2490. In view of the information recently released by the House Appropriations Committee, which indicates a rather sharp rise in overdue repayments under the direct loan program, it would seem that the immediate need is for intensive program review rather than increased authorization.

S. 2490 proposes the establishment of an entirely new type of program under title II of the National Defense Education Act; namely, the establishment of an insurance fund maintained by the Federal Government to insure student loans made by institutions of higher education and private financial or credit institutions which are subject to examination supervision by an agency of the United States or of any State. As noted earlier, the American Bankers Association agrees that guarantee and insurance programs can be useful in stimulating and expanding educational loan activity by private lending institutions. But we do not believe there is at present or in the foreseeable future a need for the establishment of such a program within the structure of the Federal Government.

At the present time, there are 10 State guarantee plans actively operating, and there is evidence that several other States are intending to authorize such guarantee plans in the near future. As of the end of 1963 through the 10 State guarantee programs in active operation some 150,000 student loans, aggregating nearly \$105 million, were covered by contracts of insurance. These are impressive figures and reflect the fact that State governments and private financial institutions recognize and are moving to meet their responsibilities with respect to financial assistance for our college students.

These State-sponsored programs have also shown a growth trend which is extremely encouraging. Illustrative of their steady progress are the cumulative loan and dollar-value figures for the New York State program for the past 5 years.

	Cumulative total of loans guaranteed	Dollar value
1959.....	9,842	\$5,822,005
1960.....	17,627	10,803,544
1961.....	33,960	22,086,244
1962.....	62,198	43,589,069
1963.....	107,191	80,123,845

A projection of these figures over the next several years—even if based on very cautious assumptions—demonstrates that State-sponsored programs have the capacity to make a substantial contribution in meeting the future credit needs of college students.

In addition to the State-sponsored guarantee programs, there is at present a rapidly expanding guarantee program in the private sector under the sponsorship

of United Student Aid Funds, Inc. United Student Aid Funds, Inc., is a private, nonprofit corporation whose purpose is to raise, accept, and invest funds which will act as reserves against its endorsement of low-interest long-term loans made to students by local banks for college expenses. The administrative costs involved in insuring loans, as well as the loan losses incurred, are charged to the investment income and principal of the private contribution funds.

The USAF program began as a pilot project in Indiana in 1961. In its brief 3-year history the growth and success of the USAF program has been little short of spectacular. The program is now operating in 49 States. As of February 28, 1964, 4,200 banks—over one-fourth of all commercial banks in the country—were participating in this program. These banks had as of that same date \$23,083,562 outstanding in guaranteed educational loans to 42,414 students attending 607 colleges and universities throughout the Nation.

Figures on the United Student Aid Funds program were first released for the period ending December 31, 1961. At that time 13 States and only 12 colleges were involved in the program. As of that date the aggregate outstanding balance of funds loaned amounted to \$1,446,000. If we compare this dollar amount with the above-mentioned figure for February 28, 1964, we see that in 26 months there has been nearly a sixteenfold increase in the dollar volume of loans utilizing the USAF endorsement. It is our view that the record of the United Student Aid Funds reflects a determined and progressive effort by the private sector to meet its responsibilities with respect to educational financing.

Admittedly the USAF program is still in the formative stage. Perhaps the private sector is open to criticism for having waited until 1961 to inaugurate such a private guarantee program, but the undeniable fact remains that the program has now been started and it is evolving rapidly as a dynamic and worthwhile effort.

Additionally we must not fail to note the very substantial volume of educational lending which is being undertaken by private financial institutions outside and without benefit of any guarantee or insurance program. There are no current figures on the total volume of such lending by all financial institutions; however, we do have limited data recently developed by the Installment Credit Committee of the American Bankers Association which provide some insight into the volume of this type of loan activity by commercial banks.

In December 1963 the American Bankers Association requested its installment credit committee and advisory board members, numbering approximately 130 bank representatives, to make a random survey as to the volume of educational loans being made by banks in their local communities. This informal survey produced responses from 605 banks throughout the United States. Of those responding, 185 banks indicated they had introduced formalized college loan plans. This group of banks reported, as of November 30, 1963, educational loans numbering 31,000 with an aggregate outstanding balance of \$62 million. Another 215 banks reported that while they had no formalized student loan program in effect, they, nonetheless, had a substantial number of loans in their installment portfolios, which had been made for educational purposes. This group of banks estimated that as of November 30, 1963, their installment portfolios included some 52,500 loans made for educational purposes, with an aggregate dollar balance of approximately \$36.5 million. The remaining 205 banks responding in this survey were unable to provide any definitive information as to student loan activity.

To sum up, 400 banks out of 605 contacted reported 83,500 educational loans with an aggregate balance of \$98.5 million. While it is not possible for this random survey to make a national projection as to the educational loan volume of the near-14,000 commercial banks operating in the United States, the figures produced in this survey, nevertheless, reflect substantial student-assistance lending by banks without benefit of guarantee or insurance.

In light of the dramatic and dynamic progress being made by State and private efforts to meet the credit requirements of college and university students, it is difficult to understand just what useful purpose could be served by the establishment of a Federal loan-insurance program. In fact the intervention of a Federal program might well stultify rather than stimulate growing State and private activity in the student-loan field. As can be seen from the figures developed by our installment credit committee there are a sizable number of commercial banks which prefer to handle educational loans without the benefit of guarantee or insurance. For those institutions desiring a guarantee against future loan losses, the established and growing capacity of the United Student Aid Funds

and the several State-sponsored programs give every evidence of being adequate to meet these needs.

If it is believed that the establishment of a Federal insurance program would somehow give rise to a category of student loans more liberal in their terms than the loans presently being made under State and private guarantee programs, then this thinking should be most carefully reviewed. The existing guarantee programs are designed to provide students with long-term, low-interest loans. Because these loans bring only a modest return to the lending institution, it would be difficult to improve on their terms from the borrower's standpoint without a resultant loss of activity on the part of commercial banks which—despite their desire to give students every possible consideration—must also be concerned with the legitimate interests of their depositors and shareholders.

It is the earnest belief of the American Bankers Association that the Federal Government should refrain from entering upon programs which merely duplicate—and may possibly supplant—efforts already being made by State and local governments and by institutions in the private sector. Where institutions outside the Federal Government have the demonstrated capacity to effectively meet a particular public need there is no sound or rational basis for the initiation of Federal programs, the objectives of which are to meet the same public need in the same manner.

This view comports fully with recommendations, respecting the establishment and continuance of Federal credit programs, presented to President John F. Kennedy on February 11, 1963, by the Presidential Committee on Federal Credit Programs (Report of the Committee on Federal Credit Programs to the President of the United States), and with the directive issued by the President to department and agency chiefs following receipt of that report.

We urge the Subcommittee on Education to give thorough consideration to the recommendations contained in this report and the President's directive, for they have a direct bearing on the loan-insurance program proposed in S. 2490.

The American Bankers Association is convinced beyond question that the credit needs—present and future—of our college students can be fully and properly met without the assistance of a Federal loan insurance program. We, therefore, respectfully recommend against the enactment of those provisions in S. 2490 which proposes the establishment of such an insurance program.

(The directive and excerpts from the report referred to follow:)

THE WHITE HOUSE

February 14, 1963.

The President made public today the Report of the Intragency Committee on Federal Credit Programs which emphasize that Government-financed credit programs should supplement or stimulate private lending, rather than substitute for it. It also makes a number of specific recommendations designed to assure effective operation and control of these programs.

The President suggested that all Federal credit agencies be guided by the principles outlined in the report.

The Committee was established by the President last March under the chairmanship of Treasury Secretary Douglas Dillon to consider what changes, if any, in Federal credit programs would contribute to achieving the Nation's economic goals.

Others who served on the Committee were: Walter W. Heller, Chairman of the President's Council of Economic Advisers; William McC. Martin, Chairman of the Board of Governors of the Federal Reserve System; and David E. Bell, who was, during the period the Committee met, Director of the Bureau of the Budget. The report was transmitted to the White House on November 27, 1962.

In a memorandum transmitting the report to 18 Federal agencies which administer or are concerned with credit programs, the President said:

"This report not only provides a valuable appraisal of the past experience of Federal credit programs in helping to meet our national goals, but also contains recommendations which should be very helpful in providing a framework for the further evolution of these programs in accord with the changing requirements of an expanding economy, fully consistent with the maintenance of strong and active private markets, and subject to effective review and control."

The report emphasizes the importance of regular reviews of existing credit programs on the same basis as the review of other Federal programs, since

they are essentially instruments of public policy, and must be judged on a basis of how effectively and economically they meet national objectives.

Federal agencies make direct loans or guarantee or insure loans made privately in the six areas of private housing, community development, and public housing, business and transportation, education and health, resource development, and international affairs and finance. On June 30, 1961, major Federal credit agencies had outstanding direct loans of \$23 billion and guarantees of private loans of \$71 billion. In addition, five groups of quasi-public institutions—such as the Federal home loan banks and Federal intermediate credit banks—had over \$9 billion of outstanding loans.

The committee reported that Federal credit programs have helped to achieve broadened homeownership, better housing for the underprivileged, greater growth for small business, increased educational opportunities, and greater farming efficiency. However, the report adds, "To cite these varied and significant accomplishments is not to endorse, in every detail, either the mode of operation of existing programs, or their indefinite extension."

Among the numerous recommendations of the committee are the following:

*** Where credit assistance is needed, the Government should first determine whether changes in laws or regulations or provision of guarantees or certain other Federal aids will enable private lenders to meet the credit need. Direct loans should normally be the last alternative considered.

*** When the Government insures a private loan, the lender should generally continue to bear some part of the risk in order to provide an incentive for normal vigilance in making and servicing the loan.

*** The interest rates charged on federally insured loans should normally be within the range of reasonable market rates. Legislation should avoid fixed statutory ceilings on interest rates or inflexible formulas.

*** Establishment of secondary markets for insured or guaranteed loans should be reserved for cases where there is a real possibility of encouraging sales to private lenders. Guarantees of liquidity which give the holder of the guaranteed or insured portion of a loan the right to shift it back to the Government without risk or cost should be avoided.

*** The interest rates on direct loans should cover all of the Government's costs if the credit need arises "solely because of imperfections in the private credit system."

*** All proposals to create new credit programs or to broaden existing ones should be accompanied by an appraisal of the interest rates charged in the program relative to the rates which would be charged by competitive and efficient private lenders, and the rate necessary to cover the Government's costs.

*** Any legislative limitations on sales prices or terms which might impede desirable flexibility in selling Government loans to private institutions should be removed. When consistent with economic objectives, sales below par should be permitted.

*** All Federal credit agencies should have the authority to vary the terms of their credit in line with prevailing economic conditions.

To carry out these and other recommendations, President Kennedy suggested that all departments and agencies administering Federal credit programs "be guided by the principles outlined in the report in administering their present programs and especially in proposing any new or expanded credit authority." He asked the Director of the Bureau of the Budget to "take the lead" in assuring effective and equitable application of the guidelines of the report to the continuing programs of all Federal credit agencies. He further asked the Chairman of the Council of Economic Advisers to head an advisory committee to review economic problems that may arise from time to time in the areas involving important domestic credit aids. The Secretary of the Treasury was asked to assure that any borrowing arrangements of the credit agencies are consistent with monetary and debt management policies.

The President's Committee on Federal Credit Programs used, as a point of departure for its studies, a number of recommendations made by the Commission on Money and Credit early in 1961. That Commission was composed of distinguished leaders in banking, business, government, labor, and the professions.

SELECTED EXCERPTS FROM THE REPORT OF THE COMMITTEE ON
FEDERAL CREDIT PROGRAMS TO THE PRESIDENT OF THE UNITED
STATES

THE WHITE HOUSE,
Washington, February 11, 1963.

Memorandum to:

The Secretary of State.
The Secretary of the Treasury.
The Secretary of Defense.
The Secretary of the Interior.
The Secretary of Agriculture.
The Secretary of Commerce.
The Secretary of Health, Education, and Welfare.
The Director of the Bureau of the Budget.
The Chairman of the Council of Economic Advisers.
The Chairman of the Board of Governors of the Federal Reserve System.
The President of the Export-Import Bank of Washington.
The Governor of Farm Credit Administration.
The Chairman of the Federal Home Loan Bank Board.
The Administrator of the General Services Administration.
The Administrator of the Housing and Home Finance Agency.
The Chairman of the Interstate Commerce Commission.
The Administrator of the Small Business Administration.
The Administrator of the Veterans' Administration.

Subject: Implementation of the Report of Committee on Federal Credit Programs.

I am transmitting herewith to the agency heads listed above copies of the Report of the Committee on Federal Credit Programs. This Report not only provides a valuable appraisal of the past experience of Federal credit programs in helping to meet our national goals, but also contains recommendations which should be very helpful in providing a framework for the further evolution of these programs in accord with the changing requirements of an expanding economy, fully consistent with the maintenance of strong and active private markets, and subject to effective review and control.

I suggest that all departments and agencies administering loans, loan guarantee and insurance programs (including related grant programs) be guided by the principles outlined in the Report in administering their present programs and especially in proposing any new or expanded credit authority. I am asking the Director of the Bureau of the Budget to take the lead in assuring an effective and equitable application of those guidelines.

As a further step to carry out the Committee's recommendations, I am requesting the Chairman of the Council of Economic Advisers, as part of the Council's role in advising me on economic policy, to organize, under his chairmanship, an advisory committee to review the special economic problems that may arise from time to time in each of the major areas involving important domestic credit aids.

I am also asking the Secretary of the Treasury both to participate in the work of the advisory committee dealing with special economic problems and, as part of his general responsibility for administering debt management and for reviewing the borrowing operations of these agencies, to take special responsibility for assuring that any borrowing arrangements undertaken by these agencies are consistent with overall monetary and debt management policies.

JOHN F. KENNEDY.

NOVEMBER 27, 1962.

DEAR MR. PRESIDENT: We submit herewith the Report of the Committee on Federal Credit Programs established in response to your memorandum to us of March 28, 1962.

In accordance with your directive, we have reviewed the legislation and administrative policies relating to Federal credit programs, and assessed their effectiveness in terms of our national goals. The Committee has attempted to extract from the record of the past quarter century or more those principles and procedures which have most clearly met the tests of experience in fulfilling the public policy objectives for which these programs have been intended. Our aim has been to develop a set of guidelines which could provide a framework

for the further evolution of these programs to meet the changing requirements of an expanding American economy.

The report is the end product of intensive discussions among senior officials of our four agencies. We have also benefited greatly from the full cooperation of the major Federal agencies administering credit programs. The starting point of our inquiry was the study of the Commission on Money and Credit, and the staff of that Commission kindly made available to us research studies pertaining to this area originally prepared for their use. While calling freely upon the varied talents and experience of our own staffs, we did not ourselves undertake to sponsor extensive new research within the time available to us. The staff work was directed by Mr. J. E. Reeve of the Bureau of the Budget, who served the Committee ably as executive secretary.

Committee representatives have met in 35 sessions, usually on a regular weekly basis. The early meetings were devoted largely to the task of identifying major problems and areas for investigation, culminating in a series of discussion papers and tentative positions.

Following your suggestion, the Committee then sought the views of each of the major Government agencies in this area. During September, a series of five meetings was held with representatives of these agencies, using the tentative position papers developed by our staff and distributed to the agencies as a starting point for discussion. The Committee also met with a group of consultants, which included several experts long acquainted with the special problems of Federal credit programs as well as leading professors from several universities. In addition, we invited written comments from interested trade associations, groups of financial institutions, and other private parties.

After appraising all comments and views received, the Committee then prepared a tentative draft report. This draft was in turn circulated to each of the agencies responsible for major credit programs, with a request for an expression of their further views and comments.

The final report, therefore, reflects careful consideration by the Committee of the expressed views of Government credit agencies, as well as the comments volunteered by private individuals and organizations. This, of course, should not be interpreted as implying agreement on the part of affected Federal credit agencies with every recommendation or with all parts of the supporting analysis in the report.

The Committee did not interpret its mandate to include an examination of the desirability of particular goals of particular agencies, nor did it seek out specific new areas in which Federal credit programs might be used. We should make clear, however, our common belief that these programs—ranging from the provision of limited assistance to private credit agencies, through various forms of loan insurance or guarantees, to a number of facilities for direct lending by Federal Government agencies—have become a vital part of the credit structure which supports and promotes the energetic growth of our American private enterprise economy. This report is submitted in the conviction that it can assist in the task of adapting these useful programs to the new needs and changing circumstances of the future.

Faithfully yours,

DOUGLAS DILLON,
Secretary of the Treasury, Chairman.

DAVID E. BELL,

Director, Bureau of the Budget.

WALTER W. HELLER,

Chairman, Council of Economic Advisers.

WM. McC. MARTIN, Jr.,

Chairman, Board of Governors of the Federal Reserve System.

THE PRESIDENT,
The White House.
(Enclosure)

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REPORT OF COMMITTEE ON FEDERAL CREDIT PROGRAMS

I. PREFACE

A. Assignment

In his memorandum of March 28, 1962 (see app. A), the President established a Committee on Federal Credit Programs to review legislation and administrative practices relating to Federal credit programs, using as a point of departure the relevant recommendations of the Commission on Money and Credit (see app. B). The President pointed to the "need for a thorough review of the impact of these programs on the economy, their effectiveness for the special purposes for which they were established, and the policies and techniques employed in administering them."

As more specifically defined by the President, the general task of the Committee was "to consider what changes, if any, in Federal credit programs would contribute to achieving the nation's economic goals." In addition, the Committee was requested to consider particularly the following five topics:

- (1) The circumstances under which Federal credit programs should be self-supporting and the criteria for and character and extent of subsidy where subsidies are appropriate;
- (2) The criteria for determining whether a particular program should take the form of direct Federal lending, loan insurance, loan guarantee, or other form;
- (3) The budgetary treatment of Federal credit programs;
- (4) The appropriate degree of coordination of Federal credit programs with the general monetary and fiscal policies of the Federal Government, and the use of credit programs for countercyclical purposes; and
- (5) The role and effectiveness of statutory and administrative interest rate ceilings in Federal credit programs.

B. Scope and Trends of Federal Credit Programs

Federal credit programs consist mainly of direct loans and participations, secondary market operations, and insurance and guarantee of private loans. Over the years, as these programs have increased in number and size, they have become significant means for accomplishing many Government objectives. Credit programs are currently administered by seven Cabinet departments (Agriculture; Commerce; Defense; Health, Education, and Welfare (HEW); Interior; Treasury; and State) and by many other agencies (including, especially, the Housing and Home Finance Agency (HHFA), Veterans' Administration (VA), Small Business Administration (SBA), Export-Import Bank, and Interstate Commerce Commission (ICC)). In addition, the Farm Credit Administration (FCA) and the Federal Home Loan Bank Board (FHLBB) provide support for quasi-public credit programs operating in whole or in part with private funds.

In every Congress, numerous proposals are made, and actions taken, to increase the variety and magnitude of Federal credit programs. For example, at least 14 of the public laws enacted in the 1962 session of the Congress either authorized the establishment of new credit programs or broadened existing programs.

Eight other bills authorizing new or expanded credit programs were reported by committees of one or both Houses or proposed by the administration but did not become law. (See app. C.)

The expanded range of these programs has been accompanied by a gradual continuing increase in their current level of activities. In recent years, major Federal credit programs, excluding Government-sponsored quasi-public programs and direct and guaranteed loans of the Commodity Credit Corporation (CCC), have involved annual new commitments of \$18 billion or more. Outstanding direct and guaranteed loans of the same programs by the end of the fiscal year 1961 had risen to \$94 billion (of which \$71 billion were loans wholly or partially insured or guaranteed by Government agencies). However, the net impact of these activities on the Federal budget in any one year is only a small fraction of these amounts, because over three-fourths of the credit assistance usually represents guarantees or insurance of private loans or loans by Government-sponsored enterprises, and because a large share of the new disbursements on direct Federal loans and mortgage purchases are offset by repayments on outstanding loans and sales. (See app. D.)

C. Scope of the Committee's Review

The broad range and the continuing expansion in Federal credit programs, together with the volume of legislative proposals, emphasize the need for development and application of consistent standards and principles to govern the Federal role in this area. To make its task manageable, and to concentrate on the subjects specifically mentioned by the President, the Committee gave primary attention to the principles and policies governing the major active or proposed domestic credit programs. In its review, therefore, the Committee has excluded or placed only minor emphasis on issues peculiar to foreign loans, to programs in which the credit aspects are incidental (e.g., farm price support loans, repayable Federal investments, and sales credit), and to inactive or liquidating credit programs.

For similar reasons, the Committee did not attempt to evaluate the administration of specific individual credit programs. In its analysis, however, the Committee found it useful to review five major groups of active domestic credit programs (excluding CCC programs), each of which serves similar or related purposes. These programs are summarized below (and additional detail on the level of outstanding direct, guaranteed, and insured loans is shown in app. F.)

1. Private housing, including—
 - (a) Housing and Home Finance Agency—especially Federal Housing Administration (FHA) mortgage insurance, Federal National Mortgage Association (FNMA) mortgage purchases, and Community Facilities Administration (CFA) direct loans for housing for the elderly.
 - (b) Veterans' Administration—guaranteed and direct loans.
 - (c) Department of Agriculture—Farmers Home Administration rural housing loans.
 - (d) Federal Home Loan Bank Board—Federal home loan bank advances.
 2. Community development and public housing, including—
 - (a) Housing and Home Finance Agency—especially Urban Renewal Administration (URA) and Public Housing Administration (PHA) direct and guaranteed loans, CFA public facility loans and Office of the Administrator (OA) mass transportation loans.
 - (b) Department of Commerce—Area Redevelopment Administration (ARA) public facility loans.
 - (c) Treasury Department—Public works loans to the District of Columbia (DC).
 3. Business and transportation, including—
 - (a) Department of Commerce—especially ARA loans for industrial and commercial facilities, Maritime Administration ship mortgage insurance, and aircraft equipment loan guarantees.
 - (b) Small Business Administration—especially loans to businesses and purchases of Small Business Investment Company (SBIC) obligations.
 - (c) Interstate Commerce Commission—guarantees of railroad loans.
 - (d) Department of Defense—guarantees of defense production loans.
 4. Education and health, including—
 - (a) Department of Health, Education, and Welfare—especially defense education loans.
 - (b) Housing and Home Finance Agency—especially CFA college housing loans and FHA nursing home mortgage insurance.
- Resource development, including—
- (a) Department of Agriculture—especially Rural Electrification Administration (REA) loans and most Farmers Home Administration loans and loan insurance.
 - (b) Department of the Interior—especially Bureau of Reclamation loans.
 - (c) Farm Credit Administration—loans by Federal intermediate credit banks, banks for cooperatives, and Federal land banks.

D. Use of the Committee's Recommendations

In preparing its recommendations, the Committee has emphasized primarily the development of principles to help guide the President and the executive agencies in proposing or reviewing new legislation on credit programs and in

administering existing programs. A reasonably effective and equitable application of the specific guidelines would appear to require two different types of approaches.

(1) In cases where existing programs are not wholly consistent with the recommendations, major changes may not be possible immediately. Over a period of time, however, opportunities should arise for gradually shifting the credit aspects of these programs to meet the recommendations more fully. The Bureau of the Budget, in the normal process of program review, should canvass with each credit agency the steps (including proposals for changes in basic legislation) which it could reasonably be expected to take to adjust its programs in line with these recommendations.

(2) Proposals for new programs and for substantive changes in existing programs represent a more promising area for immediate action. The objective here should be to make certain that the credit agencies consider the problems raised in this report when they draw up proposed legislation or suggest new programs, and do so before the specific legislative or other proposals are formally submitted for clearance with other interested agencies. As a possible device to accomplish this purpose, every future proposal involving a new credit program or a substantive change in existing programs should be accompanied (or preferably preceded) by a memorandum which evaluates the proposal in terms of each of the relevant recommendations in this report.

II. THE ROLE OF FEDERAL CREDIT PROGRAMS

Federal credit programs have become, in recent decades, an increasingly important method for achieving some of the basic economic and social goals of our society. Within a framework of primary reliance in private initiative and enterprise in financial markets, they have contributed to a strong, competitive economy, and helped maintain a broad range of economic opportunities for the individual. They have successfully enabled sizable groups of our citizens to share more fully in our economic progress. And, they are making significant contributions to the vital task of community development and redevelopment.

Throughout its work the Committee has recognized and accepted the role Federal credit programs have come to play in the pursuit of fundamental Government objectives. However, it has neither attempted to pass judgment on the wisdom of the particular goals set for particular credit programs, nor has it tried to find specific areas in which new programs might be appropriate. Rather, it has concentrated attention on: (1) identifying the kinds of situations in which credit aids are likely to be most useful; (2) seeking out, from the rich experience of recent decades, the administrative and financial arrangements likely to promote effective and economical use of credit programs for meeting the legitimate goals set by the Congress; and (3) suggesting means for assuring consistency with other Government programs and policies.

In shaping its conclusions, the Committee has recognized that the characteristic that distinguishes Federal credit programs from other Federal programs is not goals but techniques, and the test that has been applied is how effectively and economically the credit technique can be adapted to particular ends.

A. Past Accomplishments

The effectiveness of Federal credit programs in achieving certain goals—many of which could not have been achieved nearly so well by other means—can be illustrated by examples drawn from each of the five important domestic areas in which such programs are operating.

* * * * *

(4) *Education and health.*—Hundreds of universities and colleges have been assisted in meeting the demands imposed upon them by soaring enrollments by long-term Federal loans for dormitories. In addition, thousands of students have been encouraged by Federal credit to acquire scientific and other training useful both to themselves and to the national security.

B. Need for Program Review

To cite these varied and significant accomplishments is not to endorse, in every detail, either the mode of operation of existing programs, or their indefinite extension. The needs for specific types of credit assistance are certain to change over time, as the economy changes and as the ability of the private market to provide particular types of credit develops.

The Committee also has been impressed by the diversity among the various Federal credit programs in the approach toward particular problems, in the criteria used to determine the kind of credit assistance employed, and in the terms and conditions under which Federal assistance is rendered. In part, of course, this diversity is a natural reflection of specific objectives and particular circumstances. But, in part, it also stems from the absence of a common set of principles and criteria in areas where common principles and approaches would be both feasible and useful—and from a failure of one agency to profit to the extent possible from the experience of another.

These facts strongly suggest the importance of regular reviews of existing credit programs to make certain that they conform to current and prospective requirements and to the best current practice. Credit programs, whatever their mechanics, should not be considered a species apart from other Government programs. Such programs are essentially instruments of public policy, and must be responsive to that policy. They divert real and financial resources from other uses; they often entail direct Federal costs and always some risk; and inevitably they compete with other programs for available funds and energies. In the end, like other Government programs, they must be judged in terms of how effectively and economically the techniques used and the policies followed meet national objectives.

On the basis of these regular reviews, the Committee finds it reasonable to expect that some programs should, over time, move from extending one type of credit assistance to another, more in tune with the evolution of private markets. Upon occasion, agencies might discharge their educational or innovative responsibilities so effectively that the special Federal support can be withdrawn entirely, and its functions assumed by an efficient, competitive, and self-reliant private market that it helped to foster.

C. Basic Principles

In our society, there is a presumption that the allocation of credit for essentially private purposes should be a function of private markets. Accordingly, the Committee believes that Federal credit programs should, in the main and whenever consistent with essential program goals, encourage and supplement, rather than displace private credit. This is more than a matter of basic economic philosophy. It also recognizes the fact that the private market will continue to account for the great bulk of all credit extensions. More can be gained in the end, therefore, if Federal credit programs, by working through the private market, help to make it stronger and more competitive, than if they unnecessarily preempt functions that private parties can potentially perform effectively. Moreover, by making use of the private market with its existing institutional arrangements and skills to the extent consistent with essential program objectives, the problem of administering Government programs can frequently be eased, and the essential Government aid made more conveniently available to potential borrowers.

(1) *Removal of credit "gaps."*—Efforts to improve the private market mechanism are particularly appropriate when the purpose is to eliminate a "credit gap." This type of situation can arise, even in a generally well-functioning market, when particular types of activity, some groups of borrowers, or specific geographic areas do not have access to credit on reasonably competitive terms, even though they would be able to repay loans extended on such terms. Such market imperfections can sometimes be eliminated by changes in Government regulations, or by chartering additional private financial institutions. But in other cases, Federal insurance, Government contribution of initial capital to a new institution, or even self-supporting direct Federal loans might be the only feasible approach. Whatever the particular technique, the ultimate objective should be to reduce or eliminate the Government involvement if and as private market imperfections disappear.

(2) *Provision of subsidies.*—The situation is fundamentally different when the essential purpose of the Government program is not merely to eliminate or bridge competitive imperfections, but to provide credit on terms and conditions that would not be forthcoming even in a fully effective, competitive, private market. In this case, some sort of subsidy assistance will be required, and so long as a valid need remains, there can be no reasonable expectation of the Government withdrawing from the market. However, in appraising both new and existing programs, efforts should be made to estimate and disclose the subsidy element in a consistent fashion, so that benefits can be intelligibly assessed in terms of costs.

D. Control and Coordination

Federal credit programs present special opportunities and problems, arising from methods of financing and operation, that do not appear in most other Government programs. The Committee sees no reason why these special features should exempt credit programs from procedures for review and determination of program levels comparable to those regularly required for other Federal programs. Moreover, for agencies borrowing directly in the market, there is a special need to coordinate the timing and terms of such borrowing with the Treasury financing program.

Coordination and direction will be facilitated by grouping particular credit agencies together with other Government programs by major purpose. In this way, their operations can be appropriately evaluated and directed within the context of the overall objectives and operations of Government for a particular substantive policy area.

Effective coordination between broad program areas, and with the central economic policies of an administration, is also important. The Committee, therefore, is proposing, consistent with precedents already established in this administration, informal consultative machinery to assist the President in coordinating credit programs with overall economic policy.

Finally, in the Committee's judgment, basic program legislation should allow for enough administrative discretion in determining interest rates and other credit terms to permit prompt adjustments to changing needs and circumstances. And, the agencies themselves can, in some instances, usefully devote increased attention to the development of adequate and equitable administrative standards for allocating their available funds to potential borrowers.

E. Potential for the Future

Federal credit programs have achieved a lasting place in the fabric of Government economic policies, and the Committee firmly believes there will be room for further productive innovation in the years ahead. So long as the growth can be appraised within a framework of reasonable guidelines, with full awareness of costs and benefits and with recognition of the continuing need for coordination, the potential for credit programs as an effective tool of public policy will be substantial.

III. CRITERIA GOVERNING CHOICE AMONG CREDIT AND NONCREDIT AIDS

Credit assistance represents one among several important methods employed by the Federal Government to accomplish the social objectives of specific programs. This section discusses the basic objectives which can be served by Federal credit aids, the types of programs in which credit assistance is most likely to be useful, and the specific kinds of Federal credit aid which are most appropriate in various types of situations.

A. Basic Objectives

Federal credit programs can appropriately be used to help finance a particular type of economic activity if such credit aid assists in—

- (1) Removing or reducing "credit gaps" arising from market imperfections that result in discrimination against certain borrowers or in distortions in the flow of funds to certain activities or geographic areas;
- (2) Influencing the shift of additional resources into a specific kind of economic activity to promote social purposes which could not be achieved as effectively otherwise, even in a perfect private market; and/or
- (3) Increasing the total use of resources; i.e., using manpower and other resources otherwise unemployed.

B. Suitability of Credit Programs

Even when Federal credit assistance can help to accomplish one or more of these basic objectives, it is not necessarily the most suitable or effective method of achieving the desired results. Credit assistance is clearly not the best way, for example, for the Federal Government to finance provision of many goods or services yielding predominantly social benefits; e.g., direct Government expenditures are the accepted methods of providing for defense and law enforcement. Nor, at the other extreme, is credit assistance the best method for providing predominantly private goods and services, i.e., the benefits of which

accrue almost entirely to individual identifiable purchasers; in such cases, Federal credit aids should be confined to measures designed to help remove imperfections in the private credit system and should be terminated when such imperfections are eliminated.

Otherwise Federal credit aid may be appropriate—

- (1) When goods and services yielding major benefits both public and private are, as in the urban renewal field, normally financed with borrowed funds;
- (2) When the credit assistance will facilitate needed continuing surveillance of the borrower's use of the funds provided or the provision of managerial assistance by the Government; and/or
- (3) When borrowers are undertaking relatively novel, but promising, ventures with which private lenders are not yet familiar.

In all cases, however, there should be a reasonable expectation that the credit can and will be repaid; e.g., that borrowers will receive substantial direct increases in real income through acquisition of assets or skills financed with Government credit aid.

On the other hand, Federal credit aids are inappropriate—

- (1) When viable loans are improbable even with subsidy interest rates—in such cases use of direct grants or other forms of Government assistance would normally be preferable, since they would not undermine normal creditor-debtor relationships;
- (2) When even a viable loan would create such excessive debt service requirements against future income as to jeopardize the needed further expansion of the program—in such cases (e.g., possibly where loans are proposed for local school districts or hospitals), a matching grant program may be more suitable, in whole or in part; and/or
- (3) When financing is not the real problem, e.g., when the capital requirements are normally financed internally from depreciation allowances or reserves—in such cases, tax reductions and other measures may be more effective incentives towards achieving the desired objectives.

From time to time Federal credit aids are proposed to meet what are essentially equity capital needs; i.e., cases where there are both substantial risk of loss as well as possibilities of considerable profits. In such situations, the Federal agency involved should make a careful examination to determine whether the need is for equity rather than credit financing. If equity financing is needed and important public purposes make some type of Federal assistance essential, the beneficiary, if successful, should have an obligation to share some of the returns with the Federal agency providing the assistance.

C. Types of Federal Credit Aid

Once the usefulness of Federal credit assistance in achieving program goals has been determined, several major considerations are important in the choice among the various types of credit aids.

(1) Wherever consistent with achievement of the essential purposes of the program, the Federal credit aids chosen should be designed to encourage and supplement private lending activities rather than to substitute for them. This emphasis is essential not only to preserve and strengthen the ability of the private market in our free enterprise system to allocate resources efficiently, but also to avoid placing unnecessarily large and complex administrative burdens on Federal agencies. (This subject is discussed in sec. IV.)

(2) Both the immediate impact on budget expenditures and the long-run net cost are important factors in determining the specific type of credit aid which should be selected. Short-run budget expenditures can be minimized by relying, whenever feasible, on guarantees and insurance of private loans, rather than direct loans or mortgage purchases. In the long run, the cumulative net cost entailed in subsidized interest rates and/or in high default levels not covered by adequate insurance charges should be compared with the cost of the direct grants required to accomplish the same objectives. (These issues are discussed in sec. VII.)

(3) The need for and potential effectiveness of Government controls over lending terms and borrower eligibility is often a material factor in

the choice among types of Federal credit aid. Detailed controls can be readily applied when direct loans are provided. Controls become more important as the amount of subsidy increases, when close surveillance of the use of funds is necessary, and/or when the borrower's bargaining position is so weak as to require protection.

(4) The type of Federal credit program selected and the policies followed in administering it should be influenced by whether the program is intended to be responsive to policies on overall economic stability and growth, or to operate independently of them. (The amenability of various types of credit programs to economic controls is discussed in sec. X.)

D. Guidelines on Priorities

If the credit needs apparently arise from gaps in the private credit structure, a logical first step is to try to remove them by broadening the lending authority of existing private credit institutions, or even by authorizing new types of private institutions which do not require Federal financial aid. For example, statutory limitations on maximum maturities, percentages of loan to value, and types of assets eligible for investment by private institutions sometimes can be liberalized without conflicting with other public purposes or requiring an unacceptable degree of Government supervision. Measures of this type are under consideration by the Committee on Financial Institutions.

If broadening the authority of existing private lenders would be inappropriate or inadequate, diagnosis of the specific requirements may indicate that two or more types of Federal credit assistance would be helpful. In this event, the *Committee recommends* that the following rough order of priority be used in determining the specific type of Federal aid initially employed.

(1) *Government guarantees or insurance of private loans* should usually be the first alternative considered. This device uses the experience of existing local lenders and their knowledge of the needs in their own geographic areas to limit the administrative burdens otherwise placed on Government lending agencies. It can also be an important stimulus to competition in private markets. Guarantees and insurance are especially appropriate for use:

(a) When there is a bona fide credit gap which private lenders in time can reasonably be expected to close without continued Federal assistance, through development of new lending and borrowing techniques, better understanding and normal growth;

(b) When the potential subsidy, if any, is relatively small (e.g., it can be absorbed from waiver of guarantee fees), or can be expected to decline or disappear; and/or

(c) When the social benefits are not clear enough to justify more direct or extensive Federal aids.

(The possible expansion of this type of credit assistance and the safeguards needed are discussed in sec. V.)

(2) *Government aid to newly sponsored types of private institutions* may be justified when existing institutions are unable or unwilling even with reasonable Federal guarantees to provide a needed new type of credit which has not yet demonstrated sufficient promise to attract private funds. The new institutions should be expected to become self-supporting, and therefore the Government financial assistance should be recognized as temporary and transitional. (This alternative is discussed in sec. IV.)

(3) *Establishment of a Government secondary market* may be desirable to encourage effective private participation in insured and guaranteed loans by providing greater marketability for such loans. (Issues arising from the establishment and maintenance of a secondary market are discussed in sec. VI.)

(4) *Direct loans* are often most useful when the previous alternatives cannot meet legitimate needs for credit assistance. They are most likely to be appropriate—

(a) When there is a strong and clear case for Government assistance to achieve a basic program objective;

(b) When the loan involves too large and concentrated a risk to attract private lenders;

(c) When the credit assistance is needed by a Government entity and the only alternative would be the guarantee of a tax-exempt obligation—an alternative which should not be accepted;

(d) When substantial subsidies are necessary to make a viable loan;

(e) When credit subsidies or noncredit aids make careful Government screening of borrowers and detailed supervision of their operations desirable; and

(f) Possibly in a few cases when the credit program should be insulated from fluctuations in the private market.

E. Periodic Program Review

Decisions on the mix of credit and noncredit aids available in any major area cannot be made once and for all. Needs may change, or private financial institutions may gradually learn to make new types of credit available on competitive terms. Hence, at times a program may "graduate" from one type of Federal credit aid to another, or, conversely, the initial type of aid may be found to provide inadequate incentives to accomplish program objectives, so that a more effective type of assistance should be considered.

Yet, once a credit program is fully underway, there is danger that the continuing flow of applications for assistance will be accepted as sufficient evidence for continuing operations without major change. In such a situation, a specific credit program could continue indefinitely following its initially prescribed pattern, with deviations, if any, chiefly in the direction of expanding the scope and magnitude of the aids provided. While this danger is not peculiar to Federal credit programs, the problem may be more likely to arise in this area. Many of the most important credit programs involve relatively minor expenditure of Federal funds, and, because of limited resources available for program review, may, at times, receive less thorough attention.

Similarly other credit gaps may exist or develop in the private credit system which impede the achievement of important public purposes. Programs which now make little or no use of credit techniques may well be able to accomplish their goals more effectively through the introduction of Federal credit aids.

Accordingly, the *Committee recommends* that the executive branch regularly appraise the actual experience in each major Federal credit program in order to determine whether (1) a valid need remains for Government credit assistance, (2) other types of credit or noncredit aid would be more appropriate to meet the changing needs of the program, or (3) private lenders should be expected to meet all essential requirements. Such reviews could well be coordinated with the budget process. At the same time, the regular reviews of other major programs should include attention to any areas where Federal credit aids would be useful in removing gaps in the private credit markets hampering achievement of public purposes.

IV. PARTICIPATION OF PRIVATE LENDERS

Despite the present variety and importance of Federal credit programs and their continuing expansion, the overwhelming majority of the credit needs of the Nation are and undoubtedly will continue to be supplied effectively by private financial institutions. These include almost 14,000 commercial and mutual savings banks (with a total of over 25,000 offices), 6,300 savings and loan associations, over 1,400 life insurance companies, and a wide array of other lenders, ranging from the pension funds of corporations and unions to sales finance companies, factors, and credit unions.

Many Federal credit programs, including those with the preponderant dollar volume, operate through these private financial institutions. This section of the report discusses the basic principles and methods which, in the Committee's judgment, should be followed to assure the most effective use of this broad range of private institutions in achieving public program objectives.

A. General Recommendations

(1) Government-financed credit programs should, in principle, supplement or stimulate private lending, rather than substitute for it. They should not be established or continued unless they are clearly needed. Unless the urgency of other goals makes private participation infeasible, the methods used should facilitate private financing, and thus encourage long-run achievement of program objectives with a minimum of Government aid.

(2) Private participation, however, should not be sought at the expense of other program objectives if the incentives required prove too costly for the benefits gained, or if, over a period of years, it becomes apparent that private lenders are unlikely to take more than a token role in the program. If private lenders have only a token participation and there is no sign that they will ultimately enlarge their effective role at reasonable market interest rates, and if the credit

assistance serves an essential public purpose, direct Government financing may be the most efficient and economical way to meet the specific credit needs.

(3) Federal agencies should emphasize the developmental aspects of their credit program. Through helping to create experience in new lending techniques, they should endeavor to improve the mobility of credit and the ability of borrowers to attract private funds. Through these and other methods, Federal credit programs can help to reduce the gaps in the private credit system so as to reduce the need for Federal aid. For example, the leadership of Federal credit agencies in the private housing area has played a major role in encouraging private lenders to finance on favorable terms and at a reasonable cost an increased volume of new housing construction, which in the past either could not be financed at all or could be financed only on much less favorable terms. Even in this area, however, there is still room for pioneering by Federal agencies.

(4) In administering a credit program, the responsible Federal agency should set general lending standards but, whenever appropriate incentives and safeguards become standard institutional practices, it should shift to private lenders as much as possible of the responsibility for making and servicing individual loans.

(5) When both public and private funds are involved, it is especially important that the terms and conditions prevailing in competitive private markets should, as far as consistent with program objectives, determine the basis on which the Government funds are advanced. If borrowers can obtain adequate funds at reasonable interest rates from private lenders (with or without guarantees), they should not be given special incentives in the form of substantially lower costs to borrow from the Government agencies.

B. Government Incentives for Privately Owned Institutions

In some cases, unnecessary substitution of public for private credit can be minimized by providing financial incentives to establish Government-sponsored, privately owned and operated financial institutions. This approach is most likely to be feasible when a credit gap exists which can be filled privately with limited initial Government aid, and when some pioneering work is recognized to be essential, and/or on an experimental basis, has already been initiated. The Federal home loan banks and the three groups of institutions supervised by the Farm Credit Administration provide important examples of the use of this approach. The small business investment companies chartered and supervised by SBA are the latest examples.

C. Immediate Participations in Federal Loans

Private lenders participate without continuing Federal insurance or guarantees in at least four active direct lending programs. In the SBA loan program, the private lenders may take a share of the total loan. In college housing and public facility loans made by the HHPFA, private lenders, in some instances, acquire the shorter maturities. In Export-Import Bank loan programs, private lenders normally may take a part of the total loan, but in exceptional cases are permitted to acquire the shorter maturities. In all four cases, the private participation is a minor portion of the total program.

Significant advantages can arise from such immediate participations by private lenders. To whatever degree they participate, private funds are being used. When the private lender both makes and services the loan, he gains experience with the borrower and sometimes later purchases the Federal share. Moreover, by developing skills in this field, he may become willing to make such loans in the future independently of the Federal agency (e.g., term loans to small business).

However, this type of joint financing involves several legislative and administrative problems, primarily how to obtain adequate private participation without excessive costs. To minimize this problem, *the Committee recommends* that legislation avoid mandatory preference for immediate participations and that administrative policy should generally avoid their use, unless (1) private lenders are willing and able to share risk in proportion to their potential profits, and (2) no better alternative for obtaining private financing is available. Similarly, the service charges paid to the private lender by the Federal agency in joint private-Government participation loans should not provide an incentive for minimizing private participation. This is a danger, for instance, when a private lender can obtain a service charge for a full loan at a profit to itself by agreeing to undertake only a very small participation. Moreover, insofar as the Federal Government indirectly covers major risks for private lenders by taking the

longer maturities on loans, the Federal agency should have authority to determine or approve interest rates on the private share of the loan.

D. Guarantee or Insurance of Private Loans

The most widespread method of encouraging private participation has been for the Federal Government to assume a carefully specified contingent liability by offering to guarantee or insure private loans. This approach is most likely to be effective if the interest ceilings allowed on the guaranteed loans are high enough for the loans to be attractive to private lenders and if the loans themselves are standardized; e.g., insured mortgages. Moreover, to assure meaningful private participation the private lender should be expected to carry some portion of the normal lending risk. (These subjects are discussed more fully in the next section.)

V. LOAN GUARANTEES AND INSURANCE

Federally insured and guaranteed private loans currently represent the great bulk of the dollar volume of Federal credit programs. FHA-insured and VA-guaranteed loans account for almost 90 percent of outstanding insured and guaranteed loans, and for over 80 percent of the current level of new commitments. Accordingly, policies governing these programs are of exceptional importance. However, 12 other guarantee and insurance programs are active in varying degrees.¹ Nearly all of these 14 programs are associated with or indirectly supported by direct loan or mortgage purchase programs, the need for which is, in part, determined by the policies followed under the guarantee or insurance programs.

Federal guarantee and insurance programs are most effective when credit needs arise from risks or uncertainties which, in the opinion of private lenders, are too great or too unpredictable to encourage investment of private funds, but are not excessive when spread over many loans. In many, but not all cases, the credit needed is for such a long term or involves such a high proportion of the total investment that private institutions cannot legally lend without the protection of Federal insurance. Thus, to a very considerable extent, underwriting by the Federal Government of such loans helps to fill a credit gap by increasing the availability of private funds for these specific investment purposes. This section of the report discusses some of the key policy issues peculiar to insurance and guarantee programs.

A. Coinsurance

(1) In insuring or guaranteeing loans, the Federal Government has the option of offering protection which covers all creditor risks or of requiring lenders to share the risk to some predetermined degree (coinsurance). Practices in existing guarantee and insurance programs vary. Up to now, the two largest groups of programs (FHA property improvement loan insurance and most of the mortgage insurance and, to a lesser extent, VA loan guarantees) have required significant elements of coinsurance. Four smaller programs administered by other agencies (SBA deferred participations, Commerce aircraft loan guarantees, Defense production loan guarantees, and Export-Import Bank loan insurance) customarily involve coinsurance. Several other small Federal programs, however, require no loss sharing; and this is also true for some of the newest FHA programs.

(2) *The Committee recommends* that some element of private lender risk (insurance) should be required, as a matter of principle, in order to provide incentives for normal vigilance by lenders in making and servicing insured and guaranteed loans. This is particularly important where the lender is so located geographically that he can supervise the borrower's performance. If complete coverage of all creditor risks is deemed essential initially to obtain private participation, or to minimize the required amount of related Federal grants, the agency insuring or guaranteeing such loans has a special responsibility for continuing review of the experience under the program to determine whether a coinsurance requirement has become feasible or whether, in the absence of effective private participation, substitution of direct loans would be preferable.

¹ These include Farmers Home Administration loan insurance and the CCC loan guarantees in the Department of Agriculture; ship mortgage insurance and aircraft loan guarantees in the Department of Commerce; production loan guarantees in the Department of Defense; fishing vessel mortgage insurance in the Department of the Interior; international development loan guarantees by the Agency for International Development (AID) in the Department of State; urban renewal and public housing loan guarantees in the HHA; and various loan guarantee programs of the Export-Import Bank, the ICC, and the SBA.

(3) *The Committee further recommends* that where variations in degree of coinsurance are feasible and fees are charged private lenders, agencies administering loan insurance and guarantee programs should provide for a graduated scale of fees, with the lowest rates available for lenders who assume the most risk. The object should be to encourage such lenders to assume as much of the risk as they are willing and able to assume.

B. Guarantees of Tax-Exempt Obligations

(1) Two of the present loan guarantee programs—the indirect guarantees of obligations issued by local authorities for urban renewal and public housing—involve guarantees of the obligations of State and local government instrumentalities. From time to time, guarantees of other types of municipal obligations are proposed. This raises the question of whether the Federal Government should guarantee tax-exempt obligations, especially since under the Public Debt Act of 1941, it cannot issue direct obligations exempt from Federal income taxation.

(2) State and local governments now receive substantial indirect benefits from the Federal income tax exemption on income from municipal obligations. As a result, these governments can usually sell their obligations on a much lower yield basis than other issues of comparable quality. The tax exemption makes such obligations very attractive to institutions and individuals in relatively high income brackets. As a result, a sizable loss in Federal Revenues occurs, which is greater than the saving in the cost of State and local financing.

(3) Guarantees of tax-exempt obligations tend to expand the volume of such securities issued. *The Committee, therefore, recommends* that no program in the future be authorized which involves guarantee of tax-exempt obligations because (a) the cost in tax revenues to the Federal Government would generally exceed the benefits of tax exemption received by borrowers, (b) such federally guaranteed tax-exempt securities would be superior to direct Federal obligations themselves, and their increasing volume would adversely affect Treasury financing, and (c) the availability of increasing amounts of high-grade tax-exempt issues would tend to attract funds from investors that should appropriately seek risk-bearing opportunities.

(4) In addition to the substantial advantages from the tax exemption privileges available for State and local borrowing, two additional types of aid which do not involve guarantee of tax-exempt obligations could provide any additional necessary credit assistance:

(a) Any local community waiving its tax exemption privilege might be authorized to borrow for specific high priority needs with the aid of a Federal guarantee; and

(b) Local communities might be authorized to receive capital grants sufficient to permit borrowing the remainder in the market on reasonable terms.

C. Ceilings on Interest Rates on Insured and Guaranteed Loans

The most important single determinant of private participation in loan guarantee and insurance programs is the level of interest rates permitted on the loans. Four agencies administering important loan insurance and guarantee programs have statutory ceilings on the interest rates which may be charged by private lenders. The programs covered include all types of FHA loan insurance, VA loan guarantees, Commerce ship mortgage insurance, and Farmers Home Administration loan insurance. Most of the other programs are either covered by administrative ceilings, handled on a case-by-case basis, or indirectly controlled by statutory formulas governing related direct loan programs.

(1) After reviewing the arguments of the Commission on Money and Credit for abolition of such ceilings, *the Committee recommends* that Federal agencies which insure part or all of the risk on private loans should have reasonably broad authority to set and adjust maximum rates for such loans, for the following reasons:

(a) Such authority is useful in helping to assure one of the major purposes of the program, the availability of funds at reasonable interest rates.

(b) Since Federal agencies bear most of the risk, they should have authority to make sure that the interest charged by lenders does not include unnecessary compensation for such risks.

(c) Since the market for many types of credit is imperfect and interest rates tend to respond slowly to changes in the availability of funds, properly administered ceilings can help to overcome inertia.

(d) By affecting market expectations, changes in ceilings can sometimes accelerate desired adjustments in effective rates on the loans involved as well as changes in yields of other related market obligations.

(2) *The Committee further recommends* that legislation governing guaranteed and insured loan programs avoid fixed rates of interest or fixed statutory ceilings. If any statutory formula is deemed necessary at all, it should be flexible enough to permit administrative adjustments called for by variations in market rates of interest. For example, the statutory VA ceiling should be abolished or, at a minimum, be amended to provide discretionary authority comparable to the FHA authority.

(3) Similarly, *the Committee recommends* that, in establishing and modifying administrative ceilings, the Federal agencies responsible should avoid ceilings which are outside the range of reasonable market rates; for example, ceilings which are so low as to cause excessive discounts. Many lenders are reluctant to acquire loans at sizable discounts, and such discounts may result in hidden increases in costs for borrowers, or reduce the availability of credit.

(4) While the maintenance of interest ceilings materially below market levels of interest may have a stabilizing effect at times when demands for funds are high, e.g., through reducing residential construction, this device is neither an equitable nor a wholly effective method of achieving the desired result. In addition to the capricious timing and extent of its impact, it encourages pressure for direct loans and mortgage purchases, which may undermine any desirable economic restraint and cause public funds to be used unnecessarily for programs which can and should obtain private financing. However, adjustments in ceilings and related secondary market policies should be administered in such a way as to avoid disruptive effects on construction necessary to meet the requirements of economic growth.

(5) While it is probably not appropriate in a Federal credit program to allow geographic differentials in basic interest rates, it may be desirable to provide authority for lenders to charge limited special fees for specific types of loans or in specific types of areas commensurate with any unusual lending costs associated with the class of transaction. Apart from such cost-based fees, as long as interest ceilings are set high enough to cause insured and guaranteed loans to be at or near par in major sections of the country, normal geographic differentials reflected in discounts may provide a necessary incentive to assure geographic mobility of funds. However, it is essential that full disclosure be made in advance to the borrower of the total cost he may be required to absorb.

VI. SECONDARY MARKET OPERATIONS

In evaluating the desirability of participating in loan insurance and guarantee programs, private lenders consider not only the risk of default and the rate of return on the loans, but also their liquidity; i.e., how readily the loans can be marketed in case of need. While most commercial banks and savings and loan associations can meet emergency needs for cash by temporary advances from the Federal Reserve banks or the Federal home loan banks, both these and other lenders normally rely on the private market when changes in investment policy make the shifting of assets necessary.

A. Role of Secondary Markets

In this situation, establishment of a Government secondary market may help to stimulate the development of an effective private market in insured and guaranteed loans, thus enhancing the liquidity of these loans and reducing existing credit gaps. Use of the secondary market techniques is also sometimes proposed when it is believed that proper seasoning of the financial assets acquired by the Federal Government may in time make them salable to a private lender at a reasonable price.

B. Existing Programs

(1) At present, the only formal Government secondary market is provided by the Federal National Mortgage Association in the HHFA. This comprises two essentially different types of operations:

(a) Through the "Secondary market operations trust fund," the FNMA buys, sells, and lends on the security of FHA-insured and

VA-guaranteed mortgages at prices reasonably within the range of market prices, thus providing a degree of liquidity for these mortgages and a stimulant to new construction; and

(b) Through the "Special assistance functions," the FNMA purchases, at prices usually somewhat above the prevailing market, selected types of FHA-insured and VA-guaranteed mortgages (1) under programs designated by the President or the Congress as requiring market support, and (2) under general programs when deemed necessary for economic stabilization purposes.

(2) Four other active loan guarantee programs (Farmers Home Administration insurance of farm real estate loans, OCC crop-support loan guarantees, Defense production loan guarantees, and SBA deferred participations) have no formal secondary market, but the private lenders in each program have the right to turn over the guaranteed portions of their loans for cash at any time on demand (after a 3-year waiting period in the case of the Farmers Home Administration). Thus, in effect, under these four programs, the lenders have a "built-in" secondary market available on short notice where they can "put" their insured or guaranteed loans whenever alternative investment opportunities appear more profitable. Since in every case the guaranteed portion of the loan can be redeemed at the full amount of the unpaid balance, they have the equivalent of a Government guarantee not only against default but also against market fluctuations in interest rates.

C. Guidelines

Although the predecessors of the present FNMA date back to 1938, experience with sizable Government secondary market operations is confined mainly to the postwar period. Despite this limited experience, a few major conclusions can be presented.

(1) While a Government secondary market can contribute to developing an effective private market, it cannot fully achieve this purpose until a fairly standardized loan contract is developed, a large volume of loans is available for trading, and major legal deterrents to interstate lending are reduced or removed. While some progress has been made in meeting these conditions, much more is needed. *The Committee recommends* that Federal agencies, in cooperation with States, intensify their efforts to promote the development of uniformity in State laws and regulations pertaining to mortgage contracts (including originations, foreclosures, and title claims).

(2) Temporary credit assistance through Government support may be justified when a new program of insured and guaranteed loans cannot immediately attract private participation except at an interest rate higher than that prevailing for roughly comparable credits in competitive private markets. In this case, purchases at lower rates by a secondary market organization, followed by a period of seasoning may make it possible later to sell these loans at a lower and more competitive market yield, and/or new loans of the same types may not require further support. For example, the special assistance once provided by FNMA for FHA-insured military housing mortgages is no longer necessary.

(3) A Government secondary market, however, may too readily become a permanent program for supporting a submarket type of credit. In this case, it is obviously a substitute for, rather than a stimulus to, an effective private market. As a permanent credit support, moreover, a secondary market is particularly unsatisfactory because of the false impression it may give of the salability on competitive terms of the financial assets placed with it. To avoid the danger of a one-way market, therefore, *the Committee recommends* that establishment of a secondary market be reserved for cases in which there is a real possibility of encouraging sales to private lenders, with purchases being discretionary and subject to a firm supervision and control. In other words, the secondary market device should not become the disguised equivalent of a direct lending program. When permanent credit assistance is desirable, direct loans, combinations of loan guarantees and capital grants, or interest subsidies are preferable, since these are more easily adjusted to provide the minimum necessary Federal intrusion and support.

(4) It is very important that secondary market operations be consonant with the objectives of general monetary policy. Housing and other construction, for example, are quite sensitive to changes in interest rates and in the availability of funds, and inappropriate policies on prices and on purchases or sales of mort-

gages by a Government secondary market could strongly hinder the effectiveness of stabilization policy. Hence the Government secondary market should not, as a rule, be used on a scale sufficient to offset the impact of general monetary policy on any major sector of the market—though under certain circumstances when the construction industry and the economy as a whole are moving in different directions, some modification of this principle may, at times, be warranted.

(5) In establishing and administering loan guarantee and insurance programs, *the Committee recommends against* any guarantee of liquidity (or "put") which gives the holder of an insured or guaranteed portion of a loan (or deferred participation) the right to shift the loan back to the Government without risk or cost whenever interest rates rise or alternative investment prospects improve. If, as a transitional device, any liquidity provision is deemed necessary, the liquidity should be provided only for short periods and should entail a significant actual or potential cost to the lender who enjoys the liquidity protection.

VII. DIRECT LOANS

Despite the predominance in dollar amounts of loan guarantee and insurance programs, in a substantial number of areas the Federal Government engages directly in lending operations, or sponsors and initially invests in private lending institutions. Direct loans are particularly important in the international areas where, because of the risks involved, it is often difficult to obtain private participation on terms compatible with the foreign policy objectives of the program. In addition, credit aids to agriculture, to local communities, to colleges (and college students), and to small business have been mainly in the form of direct loans.

Because of the relative freedom of direct loan programs from the constraints of private financing, the terms on which direct loans are made available vary widely. Some of the variations in terms deliberately reflect differences in program objectives. Others can be explained largely in terms of historical origin and legislative and administrative inertia.

This section discusses mainly the scope and use of subsidies in direct loan programs, the methods for measuring and disclosing subsidies, and the use of ceilings and other controls on interest rates.

A. General Recommendations on Self-Supporting Programs

(1) When credit needs arise solely because of imperfections in the private credit system, direct loans or other Government credit aids designed to meet these needs should normally be self-supporting; i.e., at a minimum the returns should cover all costs reasonably imputed to the program. This rule should apply whenever (a) borrowers are able to pay all of the costs for the specific type of credit that would be charged in an efficiently functioning, competitive private market; and (b) the private market does not generally supply such credit or supplies it only at excessive costs (because of unfamiliarity with the specific type of lending, lack of adaptability to emerging credit needs, or lack of sufficient competitive pressure).

(2) If the Government sponsors new types of lending agencies to furnish the needed credit and these agencies obtain their funds largely or entirely in the private markets and/or are intended sooner or later to become wholly private, such agencies should charge interest rates that are deemed adequate ultimately to cover all costs of operations in the private market.

(3) Similarly, other Federal credit programs intended primarily to stimulate private lending will be most effective in encouraging substitution of private for public credit if the rates charged on the Federal loans are comparable to those that would prevail in effectively functioning private markets. Rates charged on direct loans which supplement guaranteed or insured loans, for example, should be equal to the total charges (including guarantee fees or insurance premiums) payable by borrowers on the guaranteed or insured private loans. Insofar as feasible, borrowers should be expected to pay interest on the Government's share of immediate participations in private loans at a rate which is adequate to cover normal private lenders' cost.

B. Need for and Measurement of Subsidies

(1) The provision of credit under Federal programs, even when the interest rate and other charges fully cover Government costs, tends to reallocate national resources. Indeed, such reallocation in socially desirable directions is the major purpose of these programs. Intelligent choice among alternatives requires that

the effects of Federal credit on resource allocation be explicitly recognized and decisions be made in the light of this recognition. To this end, it is helpful to compare the interest rates under each Federal credit program with the interest rates which would be charged in a competitive and efficient private market, and also with the interest rates which would cover the Federal costs of operating the program.

(2) This does not mean that the financial costs are the only costs, or that financial benefits are the only gains. In fact, other public benefits may be very extensive; e.g., through promotion of fuller use of resources, reduction of unemployment relief costs, and provision of other indirect benefits.

(3) Subsidies can be justified for credit programs, as elsewhere, when the reallocation of resources accomplished by the subsidies results in net additional public benefits at least equal to the net cost of the subsidies involved and when the additional public benefits are not obtainable through alternative approaches at lower costs.

(4) To facilitate evaluation of the effects on use and allocation of resources and on the costs of Federal credit programs involving a subsidy, the *Committee recommends* that the subsidy element be explicitly recognized. The first step should be to compare the interest rate paid by the borrower on direct Federal loans to the sum of (a) the prevailing market yield on Government securities of comparable maturities, (b) an allowance for administrative costs, and (c) an allowance for expected losses. Similarly the revenues, if any, from premiums and other fees charged on insured and guaranteed loans should be compared with a reasonable allowance for administrative expenses and expected losses in the guarantee or insurance program.

(5) Determination of each of these items necessarily involves some arbitrary estimates, but this approach appears to be feasible for most programs within a reasonable range of accuracy:

(a) While the Treasury does not enter the market to borrow a specific amount for a specific period in order to make a loan of an equal amount for the same period, it is compelled to have a comparably greater amount of debt outstanding for such a period and the most appropriate measure of the ultimate alternative cost involved is the current market cost of borrowing for comparable maturities.

(b) While administrative costs of loan programs at times are intermingled with other parts of broader assistance programs, the difficulties of allocation are rarely so great as to cause large errors in estimating them.

(c) While the losses will be especially difficult to estimate in those credit areas in which the Government is pioneering, experience in earlier ventures or comparable programs can provide some guide.

(6) This calculation provides a reasonable measure of imputed Government costs, but even when the interest rate charged on a Federal credit program is sufficient (but no more than sufficient) to cover such costs, it can still provide a significant advantage to the borrower, if it is below the rate that a reasonably competitive and efficient private market might be expected to charge. The amount of such additional advantage is difficult to measure, but it clearly exists. Because of his more limited resources, even the competitive and efficient private lender has to build up reserves to cover not merely the losses normally anticipated, but also the threat of abnormally high losses. This will be reflected in his charge for risk. The Government, on the other hand, can rely upon its taxing power to take care of such contingencies. Moreover, because of its taxing power, the Government enjoys a high credit rating, which enables it to borrow at a substantially lower cost than any private lender.

(7) Thus, in a free enterprise economy relying primarily on private financing institutions, borrowers given access to Government credit receive important advantages denied to most borrowers, even if the rates charged by the Government agencies are equal to Government costs. Borrowers, when appropriate, can be given interest rates somewhat below the private market without entailing Government costs, in addition to longer maturities and other more liberal terms than are available from private lenders. These extra advantages are properly included in any evaluation of the resource allocation and equity effects of Government loans.

C. Disclosure of Subsidies

(1) When an interest rate below Government costs (or the waiver of guarantee fees) represents the usual type of subsidy employed in Federal credit pro-

grams, explicit grants are provided in addition in at least four Federal programs including credit aids (urban renewal, low-rent public housing, local-service airlines, and maritime ship construction programs). For example, under the low-rent public housing program, the Federal Government contracts to pay contributions up to the maximum amount necessary to cover the debt service on loans financing the project. Similarly, the Maritime Administration pays a substantial part of the cost of constructing American-built ships, and insures private loans made to finance most of the remaining costs.

(2) Under present arrangements, interest-rate subsidies are less visible, and hence less subject to effective review; they may also encourage unnecessary substitution of public credit for private credit available at slightly higher interest rates. On the other hand, outright grants, while usually inappropriate for private borrowers, are often preferable when a public agency is the recipient. They can either be in the form of initial capital grants, or can be paid later. In the latter case, they can be adjusted from time to time to meet the valid needs of the borrowers.

(3) Whatever the type of subsidy, informed decisions are possible only if there is provision for adequate disclosure of the relative cost of credit and other programs. To this end, *the Committee recommends that*—

(a) All proposals to create new credit programs or to broaden existing credit programs should be accompanied by an appraisal of the relationship between the interest rate charged in the program, the rate which would be charged by competitive and efficient private lenders, and the rate necessary to cover the Government's costs.

(b) The normal reviews of all existing Federal credit programs should include discussion of these relationships.

(4) The general principle of taking into account both budgetary and social costs applies to many other areas. The Committee would not propose to apply more rigid standards to Federal credit programs than to other programs of a noncredit nature, since this might tend to induce substitution of less desirable for more desirable types of assistance.

D. Ceilings and Other Controls Over Interest Rates on Direct Loans

(1) In most direct lending programs administered by wholly owned agencies, the basic statutes place ceilings on the rates that may be charged to borrowers. In several cases (e.g., the most important direct loan programs of the SBA, VA, REA, Farmers Home Administration, and HEW) the maximum permissible interest rate is specified by law. In as many or more cases, the rates are governed by a statutory formula (e.g., direct loans by URA, PHA, CFA, and ARA, as well as reclamation loans by Interior and District of Columbia public works loans from the Treasury). Most of the active international loan programs, as well as some of the Government-sponsored, quasi-public credit programs, however, have administrative flexibility without either flat ceilings or formulas being specified in the statutes.

(2) These statutory limitations, to a considerable extent, represent more or less explicit judgments by the Congress regarding what a "fair" interest rate was at the time of enactment. However, with a few exceptions, the rates governed both by specific ceilings and by formulas have proved to be much more rigid and have varied more slowly and through a narrower range than either market rates of interest or current Treasury borrowing costs. Occasionally, after considerable delay, statutory ceilings have been amended, although not always by the full amount of the changes in market rates. Formulas based on coupon rates of interest for the entire outstanding debt, and especially those based on long term debt, have been very sluggish both on the rise and on the decline, since they have been dominated by interest rates prevailing in earlier periods when a large share of the current debt was issued. On the other hand, formulas based upon current market yields, by definition, respond promptly to changes in market conditions.

(3) Statutory ceilings or formulas may often have perverse effects not intended. For example, when a decline in economic activity causes market rates of interest and Treasury borrowing costs to fall, the statutory ceilings do not require—and many of the statutory formulas do not even permit—any major reduction in the rates which credit agencies charges on new loans. But when boom conditions cause market rates and Treasury borrowing costs to rise, the ceilings and most of the formulas may prevent more than a token or gradual rise in interest charges. Thus, the biggest net subsidy is given on loans made in

periods when both the need to grant special advantages to individual borrowers and the case for stimulating the economic system are least urgent. The converse is true in recession periods; i.e., the smallest net subsidies and, therefore, the least relative stimulus to the economic system, are provided when the need is greatest and when assistance would be most timely.

(4) Accordingly, *the Committee recommends* that in authorizing new direct loan programs or major expansions of present programs—

(a) Future legislation should avoid requirements for rigid or relatively inflexible ceilings (or floors) on interest rates; and

(b) If for reasons of public policy it appears appropriate to charge interest rates below rates for comparable loans in private markets or below Government costs, the lending agency should be permitted to vary the rate charged new borrowers from time to time at least as much as market rates and current Treasury borrowing costs vary.

VIII. FINANCING OF CREDIT PROGRAMS

The Government's role in financing Federal credit programs varies greatly, depending largely on the type of program. The following paragraphs summarize the essential features of the financing pattern for each of the three major groups of Federal credit programs.

(1) The largest segment, guaranteed and insured loans, involves relatively minor use of Government funds. In the case of loan insurance programs, a relatively small initial Government investment usually is made, with later operating expenses and claims largely or wholly financed from premium and investment income. When FHA-insured loans default, Government-guaranteed debentures usually are issued to pay the claims and take possession of the security, but the debentures are subsequently redeemed (and interest paid) from reserves built up from premium and investment income. In the case of loan guarantee programs, no initial Government investment is usually involved, but operating expenses and claims are largely financed from current appropriations. In addition, in both cases the Government assumes a contingent liability, which currently totals over \$60 billion.

(2) Federal capital investments have been made at various times in five groups of currently active Government-sponsored enterprises engaged in major lending activities. The principal amounts of these capital investments have been wholly repaid by two groups (the Federal land banks and the Federal home loan banks) and partly repaid by two others (the Federal intermediate credit banks and the banks for cooperatives). Both Federal and private funds have been invested in the secondary market operations of the FNMA, with no principal repayment as yet on the Federal investment. The total Federal capital investment in all of these institutions, including accumulated net income, currently amounts to \$0.5 billion. FNMA borrows relatively small amounts for brief periods from the Treasury, but otherwise all five groups of agencies borrow directly in the private market without any explicit Federal backing. Current loan disbursements are largely financed from repayments of previous loans; in fiscal year 1961, for example, \$7.3 billion of new loans made compares with \$7.1 billion in repayments. Outstanding loans on June 30, 1961, totaled \$9.5 billion.

(3) In contrast to the preceding programs, almost all funds used by wholly owned enterprises for direct loans and mortgage purchases are Government funds, which are largely obtained through borrowing from the Treasury. Outstanding loans of major domestic programs (excluding CCC) at the end of the fiscal year 1961 totaled \$12 billion, and there were also about \$11 billion in foreign loans. As in the case of Government-sponsored quasi-public enterprises, much of the current loan disbursements is financed from repayments on previous loans. The major programs in 1961 had gross principal disbursements of \$3.3 billion and repayments of \$1.7 billion (excluding CCC disbursements of \$1.4 billion and repayments of \$1.6 billion).

A. Congressional Provision of Funds

(1) The volume of Government funds invested in specific credit programs depends, in the first instance, on congressional decisions. The type and extent of congressional control has not been the subject of review by the Committee, with the following exception. Past experience with Federal insurance and guarantees in some major Federal credit programs has indicated that private participation can be effectively attracted only if investors are confident that the

Government will make good on its commitment without undue delay when defaults occur.

(2) *The Committee recommends*, therefore, for all programs authorized to guarantee or insure loans, that the Congress provide, in advance, reasonable amounts of new obligational authority to meet any foreseeable contingencies arising from actual defaults. This would not require accumulation of idle funds by the guaranteeing or insuring agency, but merely advance provision of authority to borrow or permanent appropriations for the exclusive purpose of, and only up to the amount necessary for, carrying out the guarantee or insurance commitments.

B. Borrowing from the Treasury

(1) Credit agencies established as direct Federal programs and expected to remain wholly Government owned should normally obtain their capital requirements by borrowing from the Treasury rather than by borrowing, either with or without a Federal guarantee, in the general market.

(2) The chief present exception is the authority of the Federal Housing Administration to issue Government-guaranteed debentures to pay off claims on defaulted loans, instead of borrowing from the Treasury to meet such obligations. *The Committee recommends* that the FHA continue to have the authority to issue guaranteed debentures, but that it also be authorized, at its option, to pay claims in cash. The authority to issue debentures, which at times can be sold only at a price less than par, provides a minor but desirable element of risk sharing (coinsurance) by private lenders. It also provides a mechanism for financing the holding of the properties acquired until their sale is appropriate.

C. Borrowing in the Private Market

(1) Government-sponsored credit agencies which receive initial financial support, but become or are expected to become wholly privately owned, should borrow in the private market on an unguaranteed basis rather than borrow from the Treasury. While the fact of Government sponsorship implies a measure of Government involvement, it is important that such agencies be required normally to meet the test of the private market.

(2) In the early stages of a Government-sponsored program, before its obligations have become accepted as seasoned securities, however, it may be necessary for Treasury to backstop its market borrowing by purchasing its obligations on demand, normally for short periods. Agencies such as the Federal home loan banks, which are the source of liquidity for their members, and the Secondary market operations of the FNMA, should also continue to have recourse to Government funds, but only to meet emergency or temporary cash requirements. Any such borrowing from the Treasury, however, should remain subject to Treasury approval.

(3) Under the Government Corporation Control Act and related corporation charters, the Federal land banks, the Federal intermediate credit banks, and the banks for cooperatives are required to consult with the Secretary of the Treasury before borrowing from the public. The Federal home loan banks and the FNMA are required to obtain the approval of the Secretary of the Treasury on the timing and terms of any borrowing from the public. *The Committee recommends* that approval by the Secretary of the Treasury be required of these aspects of the borrowing of any new Government or Government-sponsored enterprises borrowing in the market in their own name, and that such a requirement for all existing agencies be included in any revisions of the Government Corporation Control Act or of particular corporation charters. The purpose is to minimize any conflict with monetary and debt management policy which may arise from issues of their securities.

D. Revolving Funds

Most Government credit programs, whether direct loans or guarantees and insurance, are financed through "public enterprise revolving funds"; e.g., funds which finance a cycle of operations in which expenditures generate receipts coming primarily from the public and available for continuing use. This type of funding provides a desirable flexibility in lending operations and helps to disclose systematically the relationship between revenues and expenses as well as any subsidy provided by the Government. *The Committee recommends* that the revolving fund method of financing be extended to all credit programs where it is feasible to do so.

E. Sales of Assets

(1) As a general rule the terms of Government credit provided for buyers of physical assets from the Government; e.g., surplus property, should be such as to make the loan suitable for ultimate resale to private lenders. In exceptional cases, however, submarket interest rates, deferral of amortization requirements, or other unusually favorable terms may be justified if necessary either to promote the essential objectives of the program or to accomplish a sale expected to yield greater aggregate proceeds, allowing for both price and credit terms.

(2) Sales of existing loans and other assets acquired from lending operations are an appropriate source of funds for new loans. Such sales, however, should normally be made only at such times and prices as will be consistent with program objectives and overall fiscal policies, and conducive to economic stability and growth.

(3) Sales of direct loans to private institutions are appropriate when such sales will encourage the eventual substitution of private for Government credit in the primary lending operation. Loans which have subsidy interest rates and other features not attractive to private lenders offer no realistic prospect of achieving such a result. However, sales of such loans may be justified to complete liquidation of an inactive program or to help meet budgetary emergencies.

(4) If necessary to foster development of a private market, the Federal agency selling its own direct loans may appropriately guarantee or insure the loans (except tax-exempt securities). Such insurance or guarantees, however, should be confined to guarantees against default, should involve some coinsurance, and should avoid guarantees of liquidity (or "puts").

(5) In exceptional cases involving the handicaps of unknown names and credit and where coinsurance is impracticable, it may be feasible, possibly as an interim procedure, to issue collateral trust certificates backed by a pool of Government loans. In general these certificates should not have liquidity guarantees; such guarantees, however, are least objectionable if they can only be exercised after a stipulated time period, and if the issuing agency has call privileges and can renegotiate interest rates.

(6) The policies followed by the FNMA in selling insured and guaranteed loans, as well as the liquidation policies of the VA loan guarantee and the FHA mortgage insurance programs, should be established on a mutually consistent basis. It is especially important that the prices at which comparable insured and guaranteed mortgages are offered for sale be substantially the same and that the timing of changes in sales policies be mutually agreed upon. The impact on the level of interest rates and construction activity should be among the major factors considered in decisions on the terms under which insured and guaranteed mortgages are sold. When consistent with these and other economic objectives, sales below par should be permitted. *The Committee recommends* that the Congress remove any legislative limitations on sales prices or terms which might impede desirable flexibility.

IX. BUDGETARY TREATMENT AND CONTROL

Almost all Federal credit programs are included in some form in the *Budget of the United States*. There is substantial variation, however, in the kinds of data presented and in the extent of budgetary control over specific programs.

A. Presentation of Credit Programs in the Budget

The data on Federal credit programs presented in the budget serve three related but distinct purposes: (1) program review, (2) analysis of Treasury financing needs, and (3) analysis of economic significance. In recognition of this fact, the budget presentation of most Federal credit programs, in conjunction with the supporting statements made available to Congress, currently go well beyond the tabulation of net financial flows, although the comprehensiveness of presentation varies among the different types of credit programs.

(1) Data on income and expenses, new loan commitments, present and prospective repayments, and loss experience are essential for purposes of program review by the Congress and the Executive. In direct loan and mortgage purchase programs, gross outlays and repayments should be presented, as well as net expenditures. The gross figures disclose the extent to which credit is being newly provided by the loan program, while the net expenditures indicate the flow of new Government funds into the program.

(2) For purposes of analyzing Treasury financing requirements, direct loan and mortgage purchase programs should be included on a net basis, as they are in the consolidated cash statement.

(3) For purposes of analyzing the economic impact of the Budget, the differences in character between credit program expenditures, direct Government expenditures for goods and services, and transfer payments should be recognized. Because expenditures for loans and mortgage purchases are not themselves expenditures for goods and services, they are not classified in the Federal sector of the national income and product account, but the activity stimulated by Federal credit programs appears in other sectors. Accordingly, it is important to provide the type of information on credit programs that will enable intelligent evaluation of their indirect impact on other sectors of the national economic accounts.

(4) This effect can vary considerably from time to time, depending upon the type of loan, opportunities for profitable investment of the proceeds of the loan, borrower attitudes toward liquidity, and the general level of business activity. Similarly, it makes a great difference whether the loan finances the production of new assets or the purchase of existing assets; and whether it substitutes for private loans or refinances old debts, rather than adding to the total volume of credit. When extension of Government credit (either through loans or guarantees of private credit), finances production of new assets which otherwise would not have been produced, the economic stimulus is apparent. But even loans which initially finance acquisition of existing assets may enable a series of asset transfers that ultimately adds to the aggregate demand for goods and services.

(5) A serious gap in the presentation of relevant information on Federal credit programs in the annual Budget is the relatively minor amount of data on certain mixed-ownership Government corporations. Because of the exemption from statutory requirements on budgetary disclosure, information about the banks for cooperatives and the Federal intermediate credit banks is largely confined to statements of financial condition of these institutions at the end of the previous fiscal year, together with information on present and prospective new Federal investments or retirements of existing investments in these institutions. More nearly adequate data are provided on the Secondary market operations of the FNMA. On the other hand, the data on the 11 Federal home loan banks, now wholly privately owned, are even more limited; and no data at all are provided on the 12 wholly farmer-owned Federal land banks. *The Committee recommends*, at a minimum, that the banks for cooperatives and the Federal intermediate credit banks be made subject to the statutes on budget disclosure and that the Budget contain adequate data on their present and future budget programs.

B. BUDGETARY CONTROL OVER GOVERNMENT CREDIT PROGRAMS

(1) For both economic and fiscal reasons, the aggregate volume of Government credit aid and its distribution among various programs should be subject to effective executive control. Again, a gap exists in such control insofar as mixed-ownership Government corporations are concerned. *The Committee recommends* that those corporations which have the authority to obtain or utilize Government funds (e.g., the banks for cooperatives and the Federal intermediate credit banks) or the authority to issue guaranteed obligations should be subject to effective annual review. This review would be facilitated by bringing these organizations under the budget review requirements of the Government Corporation Control Act.

(2) The volume of applications qualifying for Government loans or guarantees under statutory or administrative standards is often not a proper measure of the valid level of Federal credit assistance. Nor is the fact that most loans will ultimately be repaid, with interest, a sufficient reason for blanket approval of all eligible applications. Rather, since credit programs add to the demands on resources, the activity in each program should be judged not only in terms of the claim placed on the Federal budget, but also in terms of the relative benefits obtained from the use of resources diverted from other uses by federally backed private credit or by direct Federal loans.

(3) Since Government credit often involves significant net ultimate costs and always entails some risk (usually greater than for private credit), sound fiscal policy requires that these risks and potential costs be subject to effective control. Moreover, as long as executive and congressional budgetary policy is made on the basis of budget totals which include loans, limitations on loan commitments

are necessary from time to time to make room for expenditures of higher priority.

(4) While other methods of control may be available, budget controls are often the most effective device—especially for direct loan and mortgage purchase programs. Such controls must be applied to commitments, rather than to the expenditures which more or less automatically follow once a commitment has been made.

(5) At times, some Federal agencies have been reluctant to apply more restrictive standards in reviewing credit applications than those specifically required by the enabling legislation, preferring to fill all loan applications that meet the minimum requirements of the law on a first-come, first-served basis. When funds run out, either more funds must be obtained from the Congress, or backlogs of unfilled applications are built up.

(6) Other agencies have found it possible, consistent with their legislative mandates, to develop administrative criteria for reviewing applications. Thus, when funds are inadequate to take care of all eligible applications, the limited commitments can be rationed on a more equitable and effective basis than first-come, first-served. Such criteria have included geographic allocation of available authority, limitations on maximum amounts for individual projects or borrowers, requirements for reasonable amounts of private participation (accompanied by technical assistance in obtaining such participation), and priorities for types of borrowers with particularly urgent needs.

(7) *The Committee recommends* that Federal agencies administering credit programs give increased attention to developing adequate and equitable standards (including legislation, if necessary) for use when the demand for credit exceeds the present and prospective levels of available funds.

(8) Direct or indirect controls over the level of new commitments for loan guarantees and insurance can be as important from the economic standpoint as controls over direct loan commitments, and often more important. When such guarantees can be effectively limited by the level of advance funding provided for losses, such budget limitations may be a useful device. More often, however, controls through changes in terms or other approaches are likely to be preferable. These are discussed in the next section.

X. PROMOTION OF ECONOMIC STABILITY AND GROWTH

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XI. ORGANIZATION AND COORDINATION

In the preceding sections, the Committee has presented its analysis of the major criteria which should influence the choice among the various types of credit and non-credit aids, and the guidelines to be followed in establishing, financing, and administering credit programs. The actions recommended are designed to carry out the President's request for the Committee "to consider what changes, if any, in Federal credit programs would contribute to achieving the Nation's economic goals." In this section, the Committee discusses the general approach which, in its judgment, is most likely, over a period of time, to assure more effective organization of Federal credit programs and especially to coordinate more efficiently their activities with each other and with other Government programs.

A. *Organization by Major Purposes*

(1) Like other Government programs, credit programs should be grouped organizationally by major purposes served (e.g., farming, housing, business), rather than by processes or techniques used (e.g., loans, grants, research, construction). Such grouping permits better evaluation, balancing and coordination of the various means of achieving each major purpose, as well as clearer focusing of responsibility.

(2) As far as possible, new credit programs should be assigned to existing agencies whenever they serve the same general purposes already served by such agencies. However, in some cases; e.g., the credit portions of the area redevelopment program, if the agency responsible for the new program initially lacks sufficient personnel with the necessary financial skills and procedural expertise and the prospective level of operations does not justify the creation of a whole new structure of lending operations, the agency with over-all responsibility for the function should be authorized to use, as its agent, another agency with the

necessary credit skills. The special problems involved in such delegation, should be recognized, and particular effort devoted to assuring sympathetic and effective administration by the delegate agency.

(3) Some important existing credit programs (e.g., veterans housing loans) are grouped with other programs serving the same clientele, even though other clientele groups may have basically similar credit needs. Since such groupings are not fully consistent with organization by major purpose, interagency coordination becomes especially important whenever two or more programs in separate agencies are serving essentially the same major purpose.

(4) In each of the five major domestic program areas reviewed by the Committee, one or more credit programs are carried on by agencies outside the department or agency having the primary Government-wide responsibility for leadership in the area of the common major purpose. The agencies with primary responsibilities in each area and the most important related credit programs in other agencies include:

(a) *Private housing.*

Primary agency: HHFA

Related credit programs:

VA-guaranteed and direct loan programs.

Agriculture—rural nonfarm housing loan program.

Federal home loan banks—advances to home financing institutions.

(b) *Community development and public housing.*

Primary agency: HHFA

Related credit program:

Commerce—public facility loans for area redevelopment.

(c) *Business and transportation.*

Primary agency: Department of Commerce (including previous CAB guaranteed loan program)

Related credit programs:

SBA—loans and other aids to small business.

ICC—guarantees of railroad loans.

(d) *Education and health.*

Primary agency: Department of Health, Education, and Welfare

Related credit programs:

HHFA—college housing loans.

HHFA—nursing home mortgage insurance.

SBA—loans for privately owned health facilities.

(e) *Resource development.*

Primary agencies: Departments of Agriculture and Interior

Related credit programs:

FCA—loans by Government-sponsored enterprises aiding farmers.

(Further detail on credit programs in each of these areas as of June 30, 1961 is shown in app. E).

(5) *The Committee recommends* that in all major cases in which credit programs are administered by agencies separate from those primarily responsible for Government-wide leadership in achieving the major purposes served, special efforts should be made to assure continuous and effective coordination. The initiative and responsibility for such action rests with each of the credit agencies themselves. Periodic reviews should be made, at the discretion of the President, to determine whether, in practice, major common problems are being anticipated and satisfactorily resolved. If existing arrangements prove unsatisfactory and the achievement of important public purposes is seriously hampered, consideration should be given to more basic approaches. In some cases transfer of the credit program to the agency with the primary responsibility for leadership in the area served by the program may be an appropriate solution.

B. Basic Program Formulation and Objectives

Like other Federal programs, those which involve the issuance or guarantee of credit affect the allocation of resources for the purpose of achieving certain social objectives. Apart from the specifically credit features of such programs, the basic formulation of program levels and goals (both with respect to new legislative proposals and to ongoing programs) should be carried out in the same framework applying to all other programs; i.e., through submission of such proposals for review by the President through the Bureau of the Budget and other interested agencies to the extent appropriate. No special mechanism is needed here which does not already exist.

C. Coordination of Economic Policy Aspects

(1) The organizational structure and methods used to coordinate economic policy necessarily depend upon the President's decisions as to how he wishes to administer his executive responsibilities. In this Administration, coordination of economic policy in the field of housing credit is already being accomplished, in part, by an informal interagency group chaired by a member of the Council of Economic Advisers. In addition to the Chairman, this committee consists of representatives from each of the agencies with major housing credit programs, as well as from the Treasury, the Bureau of the Budget, and the White House. No comparable group exists in the other major areas in which domestic credit programs are important, but the National Advisory Council on International Financial and Monetary Problems (NAC) to some degree fills a similar role for international credit programs.

(2) Simple expansion of the housing credit committee to embrace all other domestic credit programs would lead to an unwieldy and ineffective committee. However, it would be possible for representatives of the CEA, Treasury and the Bureau of the Budget—who are concerned primarily with over-all coordination, rather than administering specific credit programs—to form a nucleus with White House staff for a broader continuing committee on domestic Federal credit programs. Representatives of individual credit agencies would participate in the discussions of problems in their area of interest. Such areas might be defined to correspond with the five areas into which this Committee has found it useful to group domestic credit programs. In effect, there would be a single coordinating committee with limited membership, and five subcommittees, each of which would include the members of the coordinating committee.

(3) While the responsibilities of such a committee should not be rigidly limited, it should deal mainly with those aspects of Federal credit programs in which coordination is necessary to achieve a consistent over-all economic policy, particularly stabilization policy. In the course of its operations, meetings could be called at the initiative of the committee itself or of individual credit agencies. In particular, credit agencies considering major program changes involving significant economic impacts should be expected to bring their tentative plans to the committee as a method of securing the advice and assistance of other interested agencies and of avoiding the danger of conflict with over-all economic policies. At the same time, the committee could be used to help explore revisions in credit programs necessary to foster economic stability and growth. While most of the meetings probably should be called only when there are significant problems requiring discussion, a minimum number of meetings of each group should be planned each year.

(4) The committee's role would be exclusively advisory. When a complete consensus was not reached, normal methods should be followed to obtain decisions from the President.

(5) *The Committee recommends* the establishment of an advisory committee to review the special economic problems that arise from time to time in each of the major program areas where domestic credit aids are of major significance. Consistent with the policy already established in this Administration, the President may wish to designate the Council of Economic Advisers, as part of its role in advising him on economic policy, to organize and chair such a committee and to arrange for the regular participation of other agencies with over-all executive responsibilities, as well as participation from time to time of those credit agencies with activities in the area under discussion on specific occasions.

XII. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

This final section summarizes the Committee's major conclusions and lists the specific recommendations contained in Sections III through XI.

Criteria Governing Choice Among Credit and Noncredit Aids (Sec. III)

A. The basic objectives of Federal credit programs are (1) to remove or reduce credit gaps arising from imperfections in private markets; (2) to influence the allocation of economic resources in order to promote social purposes which otherwise could not be achieved as efficiently; and (3) to increase the total use of resources which otherwise would not be fully employed.

B. Credit aids are most likely to be suitable (1) if the goods and services financed yield major benefits both public and private and are normally financed from borrowed funds; (2) if credit aids will facilitate needed surveillance of borrower use of Government assistance; or (3) if the ventures financed are

relatively novel and unfamiliar to private lenders. In all cases, there should be a reasonable expectation that the credit can and will be repaid; e.g., that borrowers will receive substantial direct increases in income through acquisition of assets or skills financed with Government credit aid. Credit aids are inappropriate (1) if viable loans are improbable, even with subsidy rates; (2) if excessive debt service requirements are involved; or (3) if purchasers can finance their needs without Federal credit.

C. When Federal credit assistance is appropriate, the type of aid selected should to the extent consistent with the purpose of the program be designed to encourage and supplement private lending, to minimize costs, to provide the control needed to protect the Government's interest, and to be responsive, where appropriate, to over-all economic stability and growth requirements.

D. *Recommendation*: If broadening the authority of existing private lenders would be inappropriate or inadequate to achieve the objectives sought, but two or more types of Federal credit assistance would be helpful, the usual order of priority should be: (1) guarantees or insurance of private loans, (2) Government aid to new types of private institutions, (3) a Government secondary market, and (4) direct loans.

E. *Recommendations*: The Executive Branch should regularly appraise the major Federal credit programs to determine (1) whether a valid need remains for the type of assistance provided, (2) whether other types of aids would be more appropriate, or (3) whether private lenders should be expected to meet all essential requirements. Such reviews could well be coordinated with the budget process. The regular reviews of other major programs also should include attention to any areas where Federal credit aids would be useful in removing gaps in the private credit markets hampering achievement of public purposes.

Participation of Private Lenders (Sec. IV)

A. *Recommendations*: Government credit programs should, in principle, supplement or stimulate private lending, rather than substitute for it. Private participation, however, should not be sought if the incentives required prove too costly for the benefits gained or if private lenders are unlikely in time to take more than a token role in the program. Federal agencies should emphasize the developmental aspects of their credit programs by helping to create experience in new lending techniques, thus improving the mobility of credit and the ability of borrowers to attract private funds. Whenever appropriate incentives and safeguards become standard practices, Federal agencies should shift to private lenders as much as possible of the responsibility for making and servicing individual loans. When both public and private funds are involved, it is especially important that the terms and conditions prevailing in competitive private markets should, as far as consistent with program objectives, determine the basis on which Government funds are advanced.

B. In some cases, substitution of public for private credit can be minimized by providing incentives for Government-sponsored, private financial institutions. This is most likely to be possible when a credit gap exists which can be filled privately with limited initial Government aid and when some pioneering work is recognized to be essential and/or has already been initiated on an experimental basis.

C. Immediate participations by private lenders in Government loans help private lenders to gain experience with borrowers and, by developing skills in this type of credit, to make such loans in the future independently of the Federal agency. However, this type of joint financing involves the problem of obtaining adequate private participation without excessive costs. *Recommendations*: Legislation should avoid mandatory preference for immediate participations, and administrative policy should generally be to avoid their use unless private lenders are willing and able to share risks in proportion to their potential profits. The service charges paid to the private lender by the Federal agency should not provide an incentive to minimize private participation. When the Federal agency assumes major risks by taking the longer maturities on loans, it should have authority to determine or approve interest rates on the private share of the loan.

Loan Guarantees and Insurance (Sec. V)

A. *Recommendations*: As a matter of principle, some element of private lender risk (coinsurance) should be required in guaranteed or insured loans in order to provide an incentive for normal vigilance by lenders in making and servicing such loans. Where variations in the degree of coinsurance are feasible and fees are charged private lenders, agencies administering loan insurance and guarantee

programs should provide for a graduated scale of rates with the lowest rates available for lenders who assume the most risk.

B. *Recommendation*: No program should be authorized in the future which involves Federal guarantees of securities the income from which is exempt from Federal taxation. Since State and local governments already have a significant advantage in their borrowing because of the tax exemption privilege, any necessary additional credit assistance can be provided, when appropriate, (1) through Federal guarantees of obligations on which the Federal income tax exemption is waived, or (2) through capital grants sufficient to permit borrowing the remainder in the market on reasonable terms.

C. *Recommendations*: Federal agencies, which insure or guarantee part or all of the risk on private loans, should have authority to set maximum interest rates for such loans. However, such legislation should neither establish fixed rates of interest or fixed ceilings, nor impose statutory formulas so inflexible as to prevent administrative adjustments required by variations in market rates of interest. In establishing and modifying administrative ceilings, the Federal agencies should avoid placing them outside the range of reasonable market rates. However, adjustments in ceilings and related secondary market policies should be administered in such a way as to avoid disruptive effects on construction necessary to meet the requirements of economic growth. It may be desirable to provide authority to charge special fees for specific types of loans or in specific types of areas commensurate with any unusual lending costs. In such cases full disclosure should be made to the borrower of the total costs he may be required to absorb.

Secondary Market Operations (Sec. VI)

A. *Recommendation*: In order to achieve a more effective private mortgage market on a nationwide basis, Federal agencies, in cooperation with States, should intensify their efforts to promote the development of uniformity in State laws and regulations governing mortgage contracts (including originations, foreclosures, and title claims).

B. *Recommendation*: To avoid the creation of a permanent program for support of submarket types of credit by this device, the establishment of a Government secondary market should be reserved for cases in which there is a real possibility of encouraging sales to private lenders and in which purchases are discretionary and subject to firm supervision and control. In other words, the secondary market should not become the disguised equivalent of a direct lending program. When permanent credit assistance is desirable, direct loans, combinations of loan guarantees and capital grants or interest subsidies are preferable, since these are more easily adjusted to provide the minimum necessary Federal intrusion and support.

C. It is very important that secondary market operations be consonant with the objectives of general monetary policy. Housing and other construction, for example, are quite sensitive to changes in interest rates and in the availability of funds, and inappropriate policies on prices and on purchases or sales of mortgages by a Government secondary market can strongly hinder the effectiveness of stabilization policy. Hence, the Government secondary market should not ordinarily be used on a scale sufficient to offset the impact of general monetary policy on any major sector of the market—though under certain circumstances when the construction industry and the economy as a whole are moving in different directions, some modification of this principle may, at times, be warranted.

D. *Recommendations*: Loan guarantee and insurance programs should not provide any guarantee of liquidity (or "put") which gives the private holder of a loan the right to shift it back to the Government without risk of cost whenever interest rates rise or alternative investment opportunities become more attractive. If any liquidity provision of this sort is deemed necessary, the liquidity should be provided only for short periods and should entail a significant actual or potential cost to the lender making use of it.

Direct Loans (Sec. VII)

A. *Recommendations*: When credit needs arise solely because of imperfections in the private credit system, direct loans (or other Government credit programs) should normally be self-supporting; i.e., cover all costs reasonably imputed to the program. Federal credit programs intended primarily to stimulate private lending will be most effective in encouraging substitution of private for public

credit if the interest rates charged are comparable to those that would prevail in effectively functioning private markets. This comparability principle should apply to (1) loans by Government-sponsored agencies ultimately expected to become wholly private, (2) direct loans that supplement guaranteed or insured loans, and (3) insofar as feasible, immediate participations by Government agencies in private loans.

B. When Federal credit programs are used to influence the allocation of resources, intelligent choice among alternatives requires comparison, rough as it may have to be, of net additional public benefits and net costs to the Government, if any. *Recommendation:* As a first step, the interest charge for direct loans should be compared to the sum of (1) the prevailing market yield on Government securities of comparable maturities, (2) an allowance for administrative costs, and (3) an allowance for expected losses. The evaluation of the resource allocation and equity effects of Government loans should also properly include consideration of (1) the additional advantage to users of Federal credit aids arising from the fact that imputed costs to the Government are usually significantly below the interest rates charged in a reasonably competitive private market as well as (2) the important benefits to the general public.

C. *Recommendation:* To assure adequate disclosure of the relative cost of credit and other programs (1) all proposals to create new credit programs or to broaden existing credit programs should be accompanied by an appraisal of the relationship between the interest rates charged in the program, the rates which would be charged by competitive and efficient private lenders, and the rate necessary to cover the Government's costs; and (2) the normal reviews of existing Federal credit programs should include discussion of these relationships.

D. *Recommendation:* (1) To provide for adequate flexibility in interest rates, legislation authorizing new credit programs or major expansions of present programs should avoid rigid or relatively inflexible ceilings (or floors) on interest rates for direct loan programs. (2) If, for reasons of public policy, it is appropriate to charge interest rates below rates for comparable loans in private markets, or below Government costs, the lending agency should be permitted to vary the rate charged new borrowers at least as much as market rates and current Treasury borrowing costs vary.

Financing of Credit Programs (Sec. VIII)

A. *Recommendation:* For all loan guarantee or insurance programs, the Congress should provide, in advance, reasonable amounts of new obligational authority to meet any foreseeable contingencies arising from actual defaults.

B. Wholly Government-owned agencies should normally obtain their capital requirements by borrowing from the Treasury. *Recommendation:* The FHA should continue to have authority to pay off in guaranteed debentures, but it should also be authorized, at its option, to pay claims in cash.

C. Government-sponsored agencies, which are expected to become wholly privately-owned, should borrow in the private market on a nonguaranteed basis. However, in the early stages of a Government-sponsored program, it may be necessary for Treasury to backstop its market borrowing. Agencies such as the Federal home loan banks, which are the source of liquidity for their members, (and the Secondary market operations of the FNMA) should also continue to have emergency or temporary recourse to Government funds, subject to Treasury approval. *Recommendation:* Treasury approval should be required on the timing and terms of the borrowing in the market of all Government or Government-sponsored, enterprises.

D. *Recommendation:* Revolving fund financing should be extended to all credit programs, where feasible.

E. The credit aspects of sales of Government physical assets and loans should be reviewed for consistency with overall policy on Federal credit programs. Credit terms offered buyers of physical assets should generally be such as to make the loans suitable ultimately for resale to private lenders. Direct loans should normally be sold to private institutions on terms that will encourage eventual substitution of private for Government credit in the primary lending operation. If necessary to help develop a private market, the Federal agency selling its direct loans (except tax-exempt loans) may appropriately guarantee them against default.

F. The policies followed by FNMA in selling insured and guaranteed loans and the liquidation policies of the VA loan guarantee and FHA mortgage insurance programs should be consistent, especially in prices and in timing of changes in sales policies. Impacts on interest rates and construction activity

should be among the major factors considered in decisions on the terms under which insured and guaranteed mortgages are sold. When consistent with these and other economic objectives, sales below par should be permitted. *Recommendation*: Legislative limitations on sales prices or terms which might impede desirable flexibility should be removed.

Budgetary Treatment and Control (Sec. IX)

A. *Recommendations*: (1) Budget presentations of Government credit programs should include sufficient significant detail about each major program to provide the ingredients necessary for program review by the Congress and the Executive, analysis of Treasury financing requirements, and analysis of the economic impact of the programs. (2) To remove a serious gap in the presentation of relevant information, the banks for cooperatives and the Federal intermediate credit banks should be subject to the statutes on budget disclosure, and the Budget should contain adequate data on their programs. Moreover, since these agencies are still using substantial amounts of Government funds, they should be subject to effective annual review.

B. The volume of applications that qualify for Government loans or guarantees under the statutory or administrative standards provided is often not a proper measure of the valid level of Federal credit assistance. Rather, since credit programs add to the demands on resources, the activity in each program should be judged not only in terms of the claim placed on the Federal budget, but also in terms of the relative benefits obtained from the use of resources diverted from other uses by Federally-backed private credit or by direct Federal loans for the purposes of each program. *Recommendation*: Federal credit agencies should give increased attention to developing adequate and equitable standards (including legislation, if necessary) for use when the demand for credit exceeds the prospective available funds.

Promotion of Economic Stability and Growth (Sec. X)

A. In general, Federal credit programs are not designed primarily for the purpose of counteracting cyclical fluctuations in the economy; rather, their purposes are directed to meeting more specific needs in particular sectors. When resources are idle, however, the expansion of these programs can help to stimulate higher spending and income throughout the economy. Conversely, at times of generally full employment, when production is pressing against capacity, it may be necessary to restrain particular sectors of the economy. However, decisions on the use of these programs as tools of restraint should be made in the light of the effects on particular sectors, and in accordance with the scale of social priorities prevailing at the time.

B. The use of Federal credit programs as tools for general economic stabilization and growth need not conflict with achievement of the longer-run social objectives of specific programs. Indeed, insofar as Federal credit programs help achieve overall stabilization and growth, every sector is likely to gain. In the long run, a healthy, vigorous economy is the main prerequisite for the health of individual sectors.

C. The usefulness of Federal credit programs as tools of economic stabilization policy is subject to serious limitations. For many credit programs, the time lag between a change in terms or availability of credit and the resulting impact on economic activity is long, and the impact per dollar is normally less than for expenditure or tax policy. Changes in the outstanding volume of guaranteed and insured private loans are usually much greater than in direct Federal loans. Hence, ability to influence the terms on which such private credit is extended may give the Federal Government a useful tool for affecting the volume of private lending.

D. *Recommendations*: Wherever present authority proves to be inadequate to permit effective use of credit programs in promoting economic stabilization, legislation should be enacted to provide the needed additional authority, including appropriate safeguards. When changes would neither conflict with recognized program objectives nor introduce inefficiencies, Government credit terms should be varied in line with variations in private markets.

E. In the area most important in dollar terms—Federal insurance and guarantees of housing credit—changes in the terms and conditions on which Government aid is available should be accompanied by a positive stabilization policy in FNMA purchases and sales of mortgages. Similarly FHLBB policy on advances should have adequate scope to discourage undesirable fluctuations in mortgage lending by savings and loan associations. *Recommendations*: Legis-

lative standards governing the FNMA secondary market and operations of the Federal home loan banks should be revised to provide unambiguous authority to permit use of these institutions in promoting stabilization, when clearly appropriate.

Organization and Coordination (Sec. XI)

A. Like other Government programs, credit programs should be grouped organizationally by major purposes served, rather than by techniques used. Such grouping permits better evaluation, balancing and coordination of the various means of achieving each major purpose, as well as clearer focusing of responsibility. As far as possible, new programs should be assigned to existing agencies when they serve the same purposes already served by such agencies. *Recommendations:* When credit programs are administered by agencies separate from those primarily responsible for Government-wide leadership in achieving the major purposes served, special efforts should be made to assure continuous, effective coordination. If achievement of important public purposes is seriously hampered by inter-agency problems, more basic approaches should be considered, including in some cases the possible transfer to the agency primarily responsible for leadership in the area served.

B. The basic formulation of program levels and goals for Federal credit programs should be carried out in the same framework applying to all other programs.

C. The organizational structure and method used for coordinating economic policy necessarily depend upon the President's decisions on how he wishes to administer his executive responsibilities. *Recommendations:* Consistent with the precedent established by this Administration, an advisory committee should be established to review the special problems that arise from time to time to the various areas served by major Federal credit programs. The President may wish to designate the Council of Economic Advisers, as part of its role in advising him on economic policies, to organize such an interagency committee, consisting in the first instance of the principal agencies concerned with overall questions of Federal credit policies. The areas subject to the committee's review might well correspond to the five major areas previously identified in this report. The committee should meet with representatives of the individual credit agencies involved in each particular area, as problems peculiar to that area arise. Its duties should be exclusively advisory. It would assist in the coordination of Federal credit programs, with a view toward achieving a consistent overall economic policy.

APPENDIX A

THE WHITE HOUSE,
Washington, March 28, 1962.

Memorandum to:

The Secretary of the Treasury.

The Director of the Bureau of the Budget.

The Chairman of the Council of Economic Advisers.

The Chairman of the Board of Governors of the Federal Reserve System.

Subject: The Establishment of a Committee on Federal Credit Programs.

Pursuant to my Economic Report to the Congress, I am requesting the persons to whom this memorandum is addressed to form a Committee on Federal Credit Programs to review legislation and administrative practice relating to these programs. I am asking the Secretary of the Treasury to serve as Chairman of this Committee. The Committee should seek the views and advice of appropriate government agencies and may also consult with interested private parties and independent experts.

The recommendations of the Commission on Money and Credit on this subject provide a point of departure for the Committee, but its deliberations need not be limited to the issues raised by the Commission. The Commission's report calls attention to the wide range and substantial magnitude of Federal direct lending programs and programs for insuring and guaranteeing private loans. There is need for a thorough review of the impact of these programs on the economy, their effectiveness for the special purposes for which they were established, and the policies and techniques employed in administering them. The general task of the Committee should be to consider what changes, if any, in Federal credit programs would contribute to achieving the Nation's economic goals.

Among the topics for consideration by the Committee should be the following:

- (a) The circumstances under which Federal credit programs should be self-supporting and the criteria for and character and extent of subsidy where subsidies are appropriate.
- (b) The criteria for determining whether a particular program should take the form of direct Federal lending, loan insurance, loan guarantee, or other form.
- (c) The budgetary treatment of Federal credit programs.
- (d) The appropriate degree of coordination of Federal credit programs with the general monetary and fiscal policies of the Federal Government, and the use of credit programs for countercyclical purposes.
- (e) The role and effectiveness of statutory and administrative interest rate ceilings in Federal credit programs.

In order to be of use in drawing up the Administration's legislative program for the 1963 session of the Congress, the Committee's report and recommendations should be submitted to me by November 1, 1962.

I am enclosing for your information copies of the memoranda establishing separate committees on Financial Institutions and on Corporate Pension Funds and Other Private Retirement and Welfare Programs.

(S) JOHN F. KENNEDY.

APPENDIX B

RECOMMENDATIONS OF THE COMMISSION ON MONEY AND CREDIT REGARDING FEDERAL CREDIT PROGRAMS, INCLUDING SEVEN GENERAL GUIDES

Self-supporting credit programs

"Federal credit programs designed to improve the allocative functioning of private credit markets and to stimulate greater enterprise and competition therein should be self-supporting. In general, loan insurance programs are preferable to programs that establish federally sponsored lending agencies. (First guide)" (p. 188)

"The Commission recommends the continuation of the Federal Housing Administration loan insurance programs to facilitate the flow of private funds into residential construction. The recommendation is limited to the FHA program because the VA program is scheduled to lapse in the near future. Two separate agencies to underwrite residential loans entail unnecessary duplication. Even if Congress should desire to continue the veterans' special preference, this could be done through FHA machinery, for example, by having the VA pay the FHA insurance premium for veterans." (p. 191)

"In order to ensure the continued availability of insured loans in all areas of the country, the Commission recommends that the voluntary home mortgage credit program and the certified agency program of the Federal Housing Administration be encouraged * * *. If, however, important needs are not met, an FHA direct lending program similar to the terminating VA program may be necessary. A direct loan should be made, however, only if evidence indicates that efforts to obtain an insured loan through other programs have failed. And the same credit standards and terms should be used for direct loans as those applicable under the FHA insured loan programs." (p. 192)

"The Commission recommends that a limited self-supporting Federal insurance program be developed and administered by an established farm credit agency for mortgage loans featuring low down payments, long maturities, and not necessarily complete amortization. Such insurance should be available only under stringent conditions, perhaps such as (1) the farm unit should be large enough to take advantage of existing technology and provide a satisfactory level of family income under reasonably good management, and (2) adequate farm plans should be developed by the borrower." (pp. 194-195)

"The Commission recommends also a Federal loan insurance program for intermediate-term credit of 3 to 10 years to help farmers finance the acquisition of the capital assets, other than real estate, required for an efficient farm unit." (p. 195)

"It is extremely difficult to evaluate the empirical data on the adequacy of small business financing. * * * The evidence is also inconclusive on whether a significant gap still exists in credit facilities for new and small business firms which have a realistic prospect of successful operation since the establishment of the SBIC program. As yet the life of the SBIC's has been too short to show

how far they will contribute to small business financing. However, the program appears to be promising.

"If, however, later evidence suggests that the SBIC program is not adequate for its task, consideration might be given to the development of a loan insurance program available to all lenders, including possible SBIC's. Such a program should be designed with enough risk shifted to the insurance program so that private lenders would adopt more liberal lending practices." (pp. 196-197)

Subsidized credit programs

"Federal credit programs designed to alter the allocation of resources to achieve a public purpose which even a perfectly functioning private market system would not attain require a subsidy in the form of below-market interest rates or credit terms. The choice among types of credit programs should be made on the basis of which will be effective at the least cost and which will interfere least with the private financial system. Where it can be effective, a loan guarantee type of program should take preference over the direct lending type of program. (Second guide)" (p. 197)

"Illustrations of subsidized credit assistance are many. A few are cited below. The Commission has made no recommendations, however, as to the appropriateness of the objectives of these programs." (p. 198)

"While the appropriateness of the cash subsidy or its amount is not a matter for its consideration, the Commission does believe that the amount of the cash subsidy should be made an explicit charge in the budget." (In discussion on the 2 percent interest rate on REA loans, p. 201.)

Credit programs and economic stabilization

"Since direct lending programs to achieve a particular allocation of resources resemble Government expenditure programs, the amount of credit extended should be determined as a part of the budgetary process. However, merely because direct lending programs are credit rather than expenditure programs, the amount of credit extended should not be singled out as being either uniquely appropriate for countercyclical variations or uniquely insulated from such variation. (Third guide)" (p. 201)

"Credit programs established to increase the effectiveness of the private credit system should be designed to be sensitive to general monetary policy. Some programs, especially loan insurance programs, should at times be used to supplement and reinforce general monetary policy by variations in lending terms. (Fourth guide)" (p. 203)

"The Commission recommends that the FHA and VA underwriting programs be used to aid in implementing the countercyclical and price-stabilizing policies of the Government by variations in the terms of the underwritten loans and by allowing contractual interest rates to rise and fall with conditions in the mortgage market." (p. 204)

"The Commission recommends that the Federal Home Loan Bank System operate its programs in close harmony with the general stabilization policies of the government. . . .

"A more flexible interest rate policy on advances is suggested as one approach. There appears to be a fairly constant relationship between the interest rates charged by the banks on advances and their cost of borrowing in the market. A change in policy to relate the interest rates charged to mortgage rates prevailing or expected to prevail in each bank district might more effectively curb overcommitments by some members and hence future bank advances. The Commission urges experimentation in rate control." (pp. 204-205)

"Where the funds for direct lending programs come partly from the Treasury and partly from private financial institutions participating in direct loans on a guaranteed basis, the interest rates on the private participations should be varied in response to the needs of the general monetary policy. If the financing of direct lending programs requires the issue of securities in national capital markets, Treasury issues, rather than fully guaranteed issues of Government corporations, should be employed. (Fifth guide)"

Interest rate ceilings

"Statutory or rigidly administered interest rate ceilings should not be employed in Federal credit programs which rely on the private financial system for loan funds. (Sixth guide)" (p. 207)

"The Commission believes that the harmful effects of the ceiling rates on underwritten mortgages outweigh their automatic contribution to economic stabilization and recommends that they be abolished." (p. 208)

"The various interest rate ceilings or limitations that affect agricultural credit should also be removed." (p. 209)

Secondary market programs

"Federal agencies to create and maintain secondary markets for financial instruments, such as mortgages, should buy and sell the instruments at market prices and should not attempt to control their prices. (Seventh guide)" (p. 209)

"Pending the development of more effective private secondary mortgage institutions, the Commission recommends that the secondary market operations of FNMA be continued and made more effective. The special assistance and market support programs of FNMA which are inconsistent with the dealer function should be operated in an entirely distinct and separate manner from the secondary market operations, preferably by a separate agency." (p. 211)

Coordination of domestic lending agencies

"The same general framework of coordination,¹ with adaptations to suit particular situations, should apply also to the government lending agencies, for example to the Farm Credit and Home Loan Bank systems, the Housing and Home Finance Agency, the Small Business Administration, the Export-Import Bank and others. Given the adoption of the Commission's previous recommendations, no major additional changes in organization seem needed for coordination purposes. It is likely, however, that closer working relationships at operating levels will need to be developed to give a fuller effect to the wider monetary, credit, and fiscal policies of the government. The coverage of the President's reports under the Employment Act should include attention to the actions and policies of the credit agencies. Budget controls apply to most of them in varying degrees. And they should be included in the scope of discussions in the advisory board. A further statutory mechanism of coordination, applicable to the agencies established as government corporations, may be found in the terms of the Government Corporation Control Act. . ."

"Accordingly, the Commission recommends that the Government Corporation Control Act of 1946 be amended so as to direct the Secretary of the Treasury, in the exercise of his clearance power over the issuance and sale of the securities of government-owned corporations, to take into account explicitly the full range of objectives of the Employment Act as amended, and not merely debt management considerations; and that cases of disagreement be taken to the President." (pp. 279-281)

APPENDIX C

NEW AND BROADENED FEDERAL CREDIT PROGRAMS IN 87TH CONGRESS, 2D SESSION²

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II. Community development and public housing

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III. Business and transportation

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IV. Education and health

A. Enacted—None.

B. Proposed by administration and/or reported by Committee.

(1) Loans in proposed College Academic Facilities and Student Assistance Act—H.R. 8900, S. 1241.

Conference Report would have authorized (a) \$600 million over 5-year period for loans to public and private nonprofit colleges for construction of academic facilities, and (b) \$149 million over 5-year period for first-

¹ Chiefly revival of the Advisory Board on Economic Growth and Stability (p. 277).

² Excludes (a) simple extensions in expiring laws, and (b) bills which were not reported by any Congressional committee, whether or not hearings were held.

year loans (20 percent of which may be "nonreimbursable") to college students, and any necessary additional appropriations over 8-year period for later installments. (Administration originally proposed (a) \$1,500 million for facility loans and (b) scholarships instead of student loans.)

Facility loans were approved by both House and Senate although at different authorization levels; House rejected Conference Report.

- (2) Student loans in proposed Health Professions Educational Assistance Act—H.R. 4999, S. 1072.

Would have authorized \$72.3 million for loans to medical, dental and osteopathic students, with forgiveness of repayment of up to 50 percent of principal and interest for student practicing in area of shortage, in armed services, or in public or nonprofit agency. (Administration originally proposed scholarships instead of loans.)

Reported in House.

- (3) Amendments to loan provisions in National Defense Education Act—H.R. 13204, S. 3760.

Would have (a) raised student loan authorizations for fiscal 1963 and 1964 from \$90 million per year to \$125 million, and (b) raised ceiling on Federal contributions to loan funds per institution from \$250,000 to \$500,000 in any one year. (Administration proposal would have removed authorization ceilings on student loans.)

Passed Senate, reported in House.

- (4) Broadened loan cancellation provisions of National Defense Education Act—S. 3326.

Would have expanded 50 percent loan repayment forgiveness provision to include students who go on to teach in private nonprofit elementary or secondary schools or institutions of higher learning. (Administration proposal would have limited extension of forgiveness to those teaching in institutions of higher learning.)

Passed Senate.

- (5) Mortgage insurance and loans for group medical and dental facilities—H.R. 13081.

Would have authorized Surgeon General to provide \$100 million for mortgage insurance and loans over 5-year period for construction and equipping of group practice facilities, with preference to facilities in smaller communities and to nonprofit organizations.

Proposed by administration late in session. No congressional action.

V. Resource development

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VI. International

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APPENDIX D

HISTORICAL TRENDS IN MAJOR FEDERAL CREDIT PROGRAMS

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APPENDIX E

Outstanding direct loans and guaranteed and insured loans for active or newly authorized domestic Federal credit program, June 30, 1961

[Amounts in millions]

Area, agency, and program	Direct loans and mortgage purchases		Guaranteed and insured loans
	Wholly owned enterprises	Government-sponsored agencies	
* * * * *	*	*	*
<i>Community development and public housing</i>	*	*	*
* * * * *	*	*	*
<i>Business and transportation</i>	*	*	*
* * * * *	*	*	*
<i>Education and health</i>			
Department of Health, Education, and Welfare: Office of Education: Defense education loans	131	-----	-----
Housing and Home Finance Agency: Community Facilities Administration: College housing loans	958	-----	-----
Federal Housing Administration: Insured nursing home mortgage loans			9
Total, education and health	1,089	-----	9
<i>Resource development</i>			
* * * * *	*	*	*

CREDIT UNION NATIONAL ASSOCIATION, INC.,
Washington, D.C., April 14, 1964.

HON. WAYNE MORSE,
Chairman, Subcommittee on Education,
Senate Committee on Labor and Public Welfare,
New Senate Office Building, Washington, D.C.

DEAR SENATOR MORSE: The following information is respectfully submitted to you as chairman of the Education Subcommittee of the Senate Committee on Labor and Public Welfare in the hope that it may be of assistance to you and the members of your subcommittee in consideration of S. 2490, the Higher Education Student Assistance Act of 1965.

On February 12, 1964, the legal and legislative committee of the Credit Union National Association (CUNA), met in Madison, Wis., during CUNA's quarterly meetings. At that time, the committee took up for consideration a communication from the office of Senator Vance Hartke explaining the purposes of S. 2490 and noting that a portion of the bill would provide Government guarantee of loans to college students. The minutes of the meeting show the following action then was taken:

Upon motion of Mr. (W. O.) Knight seconded by Mr. (W. A.) Dunkin it was voted that the committee express its approbation with the idea expressed in the letter from Senator Hartke's office and that the legal and legislative department be instructed to study the bill and recommend appropriate action by the committee.

The study asked by the legal and legislative committee is now underway. A report on S. 2490 will be made by the staff of the legal and legislative department to the committee during the annual meeting of CUNA, scheduled from May 4 to May 9 in Madison. We shall be very happy to inform you of whatever action is taken on the bill during the meeting.

I hope that the information in this letter will aid the work of your subcommittee. I should be perfectly willing to attempt to answer any questions you may have on this matter.

Sincerely yours,

JOHN RIPPEY,
Legislative Representative.

NATIONAL EDUCATION ASSOCIATION,
 Washington, D.C., April 16, 1964.

Hon. WAYNE MORSE,
 Chairman, Subcommittee on Education,
 U.S. Senate, Washington, D.C.

DEAR SENATOR MORSE: The National Education Association appreciates the opportunity to express the association's views on S. 2490, the Higher Education Student Assistance Act of 1965. We congratulate Senator Hartke on the introduction of this legislation at a time when it appeared that the Senate, in their eagerness to aid college students, might have approved an amendment to the tax bill which we believe would not have been in the interests of American education as a whole. We appreciate your committee's timely action in scheduling hearings on this proposal.

S. 2490 embodies the best parts of S. 580 related to higher education. The committee will recall that, in a statement giving general support to S. 580, the National Education Improvement Act, the NEA indicated that its support for the total bill did not commit the association to unqualified support of all separate parts of the comprehensive bill. One title of S. 580 to which NEA gives qualified support is title I, parts A, B, and C. S. 2490 includes these provisions, but also adds a most important additional program of scholarships for deserving students. The National Education Association for many years has urged a program of Federal college scholarships, administered by the States, for needy students of demonstrated academic aptitude. The limited number (50,000) of scholarships is, of course, inadequate. We believe a more realistic beginning figure would be 120,000. However, we recognize that budget limitations are a factor in determining the number made available in this initial experimental step.

We have a few specific comments and suggestions in relation to certain provisions of S. 2490. We note with approval that the bill proposes to extend the loan forgiveness provisions to teachers at all levels of education in public or other nonprofit schools and colleges. We believe that such extension of this feature of the National Defense Education Act is fair and in the interest of improving the quality of American education. At present, for example, if a teacher moves from secondary teaching into a position of college instructor before the term of the loan agreement is met, he receives forgiveness for only that period of time spent in the secondary school position. This is neither logical nor fair. The amendment proposed in section 2(e)(2)(B) of S. 2490 is sound.

The provision in section 218 of a cost of education allowance to institutions who admit Federal scholarship holders raises some serious questions. It could well be that the temptation would be too strong for the colleges to give preference to Federal scholarship students (because of the \$350 cost of education allowance) to the exclusion of those whose scholarships come from other sources, or who can finance their own education without outside help. While we are concerned that the needy student be given a fair chance at college entrance, we do not believe such students should get special preference to the exclusion of others.

The committee will recall that the practice of providing "cost of construction" allowances to institutions for each veteran, as provided in the World War II GI bill, was dropped in the Veterans' Readjustment Act of 1952. This decision followed extensive hearings which convinced the Congress that providing the assistance to the student, rather than directly to the enrolling institution, was more desirable for several reasons. A review of those hearings may be useful to the committee.

We concur fully with the statement to the committee by Father Edward B. Bunn speaking for the Commission on Legislation of the Association of American Colleges: " * * * both equity and economy will best be served by keeping aid to students and aid to institutions separated as completely as possible."

We also urge that part B, section 217, include language explicitly restricting Bible schools, seminaries, and divinity schools from the provisions of this act. We fear that unless such restriction is spelled out that the emotionally charged so-called church-state issue will be injected into the arguments pro and con on this proposal, to the detriment of the entire program. Such an amendment should also be included in part D, section 233 (p. 37) in relation to the work-study program, a proposal which otherwise we believe has considerable merit.

The suggestions contained in this testimony in no way lessen the general enthusiasm of the NEA for the overall purposes and provisions of S. 2490. We have long urged a program of Federal scholarships, through State agencies for deserving students to attend the college of their choice. We have supported the student loan program of the National Defense Education Act. We believe the

work-study program can be both educational and practical where applicable, and the Government-insured loans proposal can be of real benefit to many young people.

We are gratified that the majority of the Senate have, in one way or another, expressed positive concern for assisting young people to attend college. We believe that in general S. 2490 is the best proposal so far considered to achieve this commendable objective.

Sincerely,

ROBERT H. WYATT, *President.*

UNITED STUDENT AID FUNDS, INC.,
New York, N.Y., April 23, 1964.

Hon. WAYNE L. MORSE,
Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: We have finally completed a statement on behalf of United Student Aid Funds, Inc., regarding S. 2490 as requested in Senator Hartke's letter of March 12. It is enclosed in duplicate.

I am taking the liberty of sending copies of this statement to the members of the subcommittee.

We respectfully request that this statement be included in the hearing record.

Sincerely,

ALLEN D. MARSHALL, *President.*

STATEMENT OF ALLEN D. MARSHALL, PRESIDENT AND CHIEF EXECUTIVE, UNITED STUDENT AID FUNDS, INC.

United Student Aid Funds is grateful for this opportunity to present its comments on S. 2490 to the Senate through this subcommittee, acting on Senator Hartke's generous suggestion.

We have perhaps been remiss in not presenting our views heretofore. We have felt, however, that it was wisest to iron out any bugs that might emerge in our program before talking too much about it. We have been working nationally for about 3 years on a practical, private enterprise approach to the problem of guaranteeing low-cost loans to needy students—but we are still learning as we go along.

I should point out also that United Student Aid Funds is a nonprofit, tax-exempt corporation. We have no constituency. While over 600 colleges and universities and 4,200 banks participate in our program, we have no right to speak for them.

But, on the other hand, we are the largest private guarantor of low-cost loans to college students. We believe the proposed Federal loan insurance plan would have far-reaching effects on our program and others like it. So we believe we should offer you our comments on the loan insurance provisions of S. 2490.

Our testimony has three parts.

(1) We will comment on the effects of the proposed Federal loan insurance plan on our program. We think it would eliminate our program and that we would sooner or later find it necessary to liquidate.

(2) We will comment on whether such a substitution of Federal action for private action is necessary or desirable: We believe it is neither.

(3) And we will comment on an alternative proposal, presented to the subcommittee last year, which would meet the total need for student loans without eliminating existing private and local guarantee programs.

I. THE EFFECT OF THE FEDERAL LOAN INSURANCE PLAN ON THE UNITED STUDENT AID FUNDS PROGRAM

Background: United Student Aid Funds set out a little over 3 years ago to meet the total unmet need for low-cost loans to college students.

We sought a method which would fill any gaps left by existing programs without supplanting these programs.

We sought a method which would so combine the interests and capabilities of four groups—students, banks, colleges, contributors—that the real needs of all students would be met, accurately and completely, but at the lowest possible cost.

We sought a method which would adjust itself automatically to whatever level of demand for long-term, low-cost student loans might emerge.

We are moving rapidly toward that ambitious goal. This achievement is no tribute to our little organization. It is a tribute to the students, banks, colleges, and philanthropic contributors, who, acting through our mechanism, have combined their energies and abilities in such a marvelously effective way.

United Student Aid Funds is a national, nonprofit, tax-exempt corporation established to endorse bank loans to needy college and graduate students who could not otherwise obtain such loans.

United Student Aid Funds maintains a contributed security fund to give banks assurance that loans not repaid by students will be made good by United Student Aid Funds.

Banks all over the country have agreed to lend \$12.50 for every dollar maintained in this security fund.

The security fund itself, under normal conditions, is never spent.

The income it earns helps pay the organization's costs and reimburses the banks for defaulted loans. Thus, dollars contributed to the security fund work perpetually. The fund itself is not loaned to students on a revolving basis. It serves as permanent security, backing loans to successive generations of college students.

S. 2490 would establish a Federal loan insurance program similar in effect to ours. We do not believe we could survive in its presence.

We feel our program is technically superior to the one proposed. We shall discuss this in detail below. But this superiority is based on the fact that our program must place somewhat greater responsibilities on the groups who work through us than would the Federal plan.

We would not, even if we could, change our program to conform to the one proposed. We think the very strength of our program lies in the careful distribution of responsibility among students, banks, colleges, and universities, and contributors.

But we do not feel we could continue our claim on the cooperation of these groups if the Federal plan were established.

For example:

Colleges: We depend in part on fractional deposits from the colleges and universities participating in our program. We think this requirement is essential. It makes the colleges a partner to the risks we bear and reminds them constantly of the need for prudence and economy. Few colleges find this a hardship. But the proposed Federal plan would not require such participation. Colleges which need funds desperately would undoubtedly find it difficult to justify continuing in our program if they could get similar results through a Federal plan where the costs and risks were wholly borne by others.

Contributors: We are currently dependent on contributions to pay a share of our operating costs. And we seek capital contributions to our reserves to match the funds deposited with us by the colleges. We doubt that we could continue to call on these contributors to help us bear a responsibility which the Federal Government had assumed.

Banks: Our guarantee to the banks is similar to that proposed, but is supported by a fractional reserve of 8 percent. The Federal guarantee would in effect be backed by the Federal Government's credit. Our banker participants obviously consider our reserve adequate. But their first responsibility is to their depositors. We question whether many would feel justified in continuing with our plan if equal protection were available with Federal Government backing.

Students: We ask students who can do so without hardship to repay more promptly than would be the case under S. 2490, so that the funds may be freed to help others. This arrangement has been satisfactory to the borrowers. But probably many would naturally prefer longer repayments if they were widely available and it would be understandable if they thought that the Federal Government might eventually forgive the repayment or at least not expect repayment to the degree that a private lender would.

To summarize at this point, we feel certain that the proposed Federal loan insurance program would compel us sooner or later to liquidate. Thus S. 2490 would, in effect, merely substitute Federal action for private action. This might be desirable if our program were inadequate to the emerging task or if the proposed Federal plan were in some way superior. But we believe that either proposition cannot be supported. We believe we can meet the need. And we believe our program is better than the one proposed.

II. IS THE SUBSTITUTION OF A NEW FEDERAL GUARANTEE MECHANISM FOR EXISTING PRIVATE AND LOCAL ONES NECESSARY OR DESIRABLE?

Such a substitution might be indicated:

(A) If the growth of private and local guarantee programs were disappointing.

(B) If there were any reason to doubt the potential on non-Federal guarantee mechanisms to meet the emerging need.

(C) If the proposed Federal plan were superior to existing plans.

We do not believe the facts warrant any of these conclusions.

A. The growth of non-Federal guarantee agencies

Figures on the remarkable growth of non-Federal guarantee agencies have already been laid before the subcommittee. We will not repeat them, except to state briefly our own growth picture. We are growing at a rapidly accelerating rate.

Here is the picture for the last 26 months:

	Dec. 31, 1961	June 30, 1962	June 30, 1963	Feb. 28, 1964
States served.....	13	30	44	49
Colleges participating.....	12	307	470	607
Banks cooperating.....	(1)	944	3,039	4,200
Number of loans endorsed.....	(1)	4,694	16,962	42,414
Amount of loans endorsed.....	\$1,446,096	\$2,255,000	\$8,439,875	\$23,083,562

¹ Nominal.

B. the potential of USA Funds

USA Funds growth is remarkable. But what of its potential? We aspire to meet whatever level of demand for long-term, low-cost student credit may emerge. But can we do it?

S. 2490 would authorize Federal loan insurance in these amounts:

	<i>Million</i>
Fiscal year ended June 30, 1965.....	\$50
Fiscal year ended June 30, 1966.....	100
Fiscal year ended June 30, 1967.....	150

Cumulatively, then, the proposed plan projects a demand for loan insurance as follows:

	<i>Million</i>
By June 30, 1965.....	\$50
By June 30, 1966.....	150
By June 30, 1967.....	300

Can we keep up with this level of need? We have already demonstrated that we can.

In States where we have operated longest, where we have a full opportunity to demonstrate our ability, our operations already exceed the rate of activity projected by S. 2490 for June 30, 1967, 3 years from now. For example, in Senator Hartke's State of Indiana, we have had the fullest opportunity to show what we can do. Thirty-seven of the forty-one eligible colleges and universities are participating. Guaranteed loans are available through 296 banks in every corner of the State. As of February 28, 1964, we had endorsed loans totaling just over \$6 million. Indiana represents roughly 2 percent of the national potential, indicating a latent national need of \$300 million, a figure exactly coinciding to the ones projected in S. 2490. USA Funds is operating now in Indiana at a rate equal to that projected for the Federal program in June 1967. And we have an unused capacity of more than \$2½ million in that State.

And elsewhere in the country, in spite of the rapidly increasing demands made on us, we have kept well ahead of those demands. We now have about \$23 million of unused capacity to endorse loans. In other words our capacity is twice our present endorsements.

C. The superiority of the private approach

Background: The design of an effective student guarantee program is a demanding assignment. It requires a very careful balancing of the somewhat diverse interests of the major participants—colleges, students, banks, and contributors. The USA funds program is the result of several years of study, over a year of deliberate experimentation in a pilot area, and 3 years of national experience, which we scrutinize continuously. Minor changes are made frequently. Several special experiments are underway with limited numbers of schools.

We move carefully because we have come to realize that a student loan program can, if not precisely drawn, defeat its own purposes.

Here are some of the problems:

(1) If the amounts advanced to the student are too low, his needs are not met and the program fails its main purpose. But if they are too high, the program supplants resources it should only supplement—the student's savings and earnings, and the help his family can and should give him.

(2) If the interest rate is too high, the student is unnecessarily burdened. But if it is too low, lenders find it hard to justify participation to their depositors and shareholders.

(3) If the repayment period is too short, the student is hard put, defaults and delinquencies rise, and the solvency of the program is threatened. If the repayment period is too long, funds which might be helping others are needlessly tied up, the obligation interferes with the borrower's other credit needs, the student pays more in interest, and, again, defaults increase.

(4) The responsibility for the loan decision must be carefully divided between the college and the lending institution. Colleges know intimately the costs of education and the students' academic capability. Bankers know what levels of debt are appropriate to the student's career plans. A program where the loan decision rests wholly with the bank denies itself the expertise of the college and vice versa.

(5) A program must be designed to supplement existing commercial programs, not replace them. The greatest percentage of the need for student loans is being met by sound commercial programs which require no guarantee or loan insurance. An equitable plan must focus only on the risks which cannot be met commercially. Otherwise, it merely substitutes guaranteed loans for conventional loans, adds little to the total money available, and wastes scarce energy and resources.

We want to emphasize that the terms and methods of our program are very carefully established, constantly reexamined and frequently modified as experience and shifting needs give us new insight.

We are not, for example, opposed to high loan limits and long repayments where they are appropriate. In fact, we developed a highly successful program for the American Medical Association with a \$10,000 overall loan limit and a 10-year repayment period. In this case these terms are appropriate. In others, they are not.

With that background, let us compare the various aspects of the USA funds program and the proposed Federal program.

Similarities

1. The Federal plan seeks to meet this need by releasing funds through existing lending institutions. This of course is the method of USA funds and the heart of both programs.

2. In both cases the loans are made directly to the student. Both programs are limited to full-time students in good academic standing.

Minor differences

1. The Federal plan would use an insurance approach. Our plan uses a guarantee approach. The difference is technical and essentially unimportant.

2. The Federal program would require a parental endorsement if the student is a minor. We considered and rejected this requirement. Experience indicates it is unnecessary.

3. The Federal program would insure only 90 percent of the loans. We protect the banks 100 percent. We have compared our experience with other plans offering limited protection. Banks are equally prudent under both approaches and the 100-percent guarantee is procedurally simpler.

4. S. 2490 does not specify the interest rate, but Senator Hartke has predicted it would most probably be set at 6 percent on unpaid balances. The yield to the lending institution would be reduced to $5\frac{3}{4}$ percent by the one-fourth of 1 percent insurance fee. Our rate is 6 percent on unpaid balances, wholly retained by

the lending institutions. But we do not feel the slightly lower yield would significantly reduce potential bank participation.

Major differences

1. The Federal plan would permit loans of up to \$2,000 a year, and an overall maximum of \$10,000. The USA funds program now permits loans of up to \$1,000 per year in any undergraduate year and \$2,000 per year in any graduate year, with an overall maximum of \$4,000.

Our limits were increased last year. We will undoubtedly increase them again as college costs continue their seemingly inevitable rise. But the proposed Federal limits are needlessly and dangerously high. The average loan under our plan is approximately \$530, only slightly over half our maximum. We feel that the higher maximum would, at this time, displace more primary methods of paying college bills, and encourage students to assume needlessly high burdens of debt. The point of a student-oriented loan program is to encourage these young borrowers to borrow as much as necessary but as little as possible.

2. The proposed Federal plan permits 1 year of grace after graduation and 10 years to repay. Our program requires that repayments begin on the first day of the fifth month after graduation and be repaid in 36 to 48 months depending on the amount of the loan.

Our approach has been to encourage borrowers to put their college loan obligations behind them as soon as possible without hardship. Experience shows that the vast majority of borrowers can do this in 3 to 4 years. A few cannot. In these cases we buy the note from the bank and tailor a repayment program to the particular needs of the borrower. Thus we have a sensibly flexible approach. We encourage prompt repayment. But we can deal with hardship cases on an individual basis.

Why do we do this? There are several reasons. A protracted repayment schedule inevitably conflicts with the borrower's other credit needs as he begins to build a career and a family. Unnecessarily long repayments seriously affect default experience and threaten the financial base of the program. Long repayments needlessly tie up scarce resources which could be used to aid other students. The proposed plan would tie up more than twice the loan resources USA funds uses to do the same job. Perhaps most important, it adds needlessly to the borrower's interest burden. Because of the longer repayment period, a typical borrower under the Federal plan would pay three times more interest, in total, than a typical borrower under the USA funds plan.

3. The Federal plan would include freshmen. Our plan now excludes them. We have now in progress an experimental program with freshmen loans with 30 of our participating colleges and universities. We have not felt it prudent to include freshmen without careful testing. There are several reasons. An economical guarantee program must minimize potential defaults. Historically, defaults are much higher among dropouts, and dropouts concentrate heavily in the freshman year. Moreover, since loans only supplement the savings and earnings of the borrower and his parents, these resources can be concentrated on the freshman year, particularly if it is known that loans will be available in subsequent years. Independent financing of the freshman year becomes, in effect, the "downpayment" on the total transaction and is a necessary feature of a sound program. Our experimentation may indicate that we can and should include freshmen. When it does, we will do it.

4. The Federal plan proposes a blanket insurance approach whereby the insured lenders need not seek approval for each particular loan. United Student Aid Funds checks each application and physically endorses each loan. The blanket approach is a sound concept. We have explored it carefully. We expect in time we will adopt it. But we feel strongly that lenders need more experience with student loans before this approach can safely be adopted. We expect soon to experiment with it with a few of our participating banks. But it is not yet a tested method and should not yet be put to work on a large scale.

To summarize, we think the united student aid funds program is sounder, more accurately focused on real needs, than the proposed Federal insurance plan. S. 2490 would displace a sound private plan with an untested and questionable Federal one.

III. ANOTHER APPROACH

We believe there is one approach which would work through existing guarantee plans, and at the same time immediately insure an adequate and remarkably adjustable flow of student loans. We think this should be carefully considered.

On June 4, 1963, the Council of Private Lending Institutions submitted testimony to this subcommittee which included the suggestion that the emerging needs for student loans could best be met simply by amending the National Defense Education Act program to permit the participating institutions the option of using some part of their National Defense Education Act advances as deposits in existing guarantee programs.

We quote from that testimony:

"The amendment we propose would literally multiply the loan potential of the present Federal program—with no increase in its cost to the taxpayer.

"Under today's National Defense Education Act program, Federal funds are allotted to the college. (For every nine Federal dollars, the college puts up one.) The college then makes loans to its students from the total thus available.

"We recommend that each college be given an option, under which it may commit part of the loan fund to direct loans as it does today, and part to a non-Federal guarantee reserve for private loans.

"The manner in which this option would operate is best shown by the following illustration.

"Assume that college A receives \$180,000 in Federal funds from the National Defense Education Act program. On the 1-to-9 matching basis, the college adds \$20,000. This makes a total of \$200,000. Under the existing National Defense Education Act program, this amount—\$200,000—is the total sum available for National Defense Education Act student loans.

"Assume, however, that under the option proposal we offer, college A elected to commit one-half of its \$200,000 loan fund to a private loan guarantee reserve. The remaining one-half (the second \$100,000) would go to direct loans, as it does now.

"How much would this mean in total student loans? No longer just \$200,000, as is the case today.

"It would mean \$1,350,000.

"Why is this so? Because, for every dollar placed in a loan guarantee reserve, private lending institutions all over America are today lending \$12.50 to college and university students.

"In short, the loan dollars can thus be multiplied by 12.5—and at no additional cost to the taxpayers.

"To put this \$200,000 loan fund illustration still another way: Under today's National Defense Education Act program, if the average loan were \$500, college A could see that 400 students made loans.

"Under the proposed option, if college A made the illustrative 50-50 division between National Defense Education Act loans and a private guarantee reserve, \$500 loans could be made to 2,700 students.

"These differences are indeed dramatic: \$1,350,000 as against \$200,000 and 2,700 loans against 400 loans.

"Under the proposal, no college would be required to exercise this option. And it may be that no college would want to channel all its available loan funds into a guarantee reserve. However, the option feature would give each college some choice. It would add desirable flexibility to the National Defense Education Act by building the guarantee principle into its existing loan program. Not only would this be preferable to establishing a separate Federal guarantee apparatus—it would very likely encourage even further expansion of the already extensive non-Federal contributions to the credit needs of college students. Further, it would enable each college to help control the size of its own loan activities.

"Colleges are close to their students, and they know their students' credit needs. Of all those having responsibilities in the student loan field, the colleges are obviously best equipped to advise students as to how those credit needs can be met most effectively. Under the proposed option, each college could readily adjust its own total loan resources to the emerging level of loan demands among its own students. It could correlate Federal and private lending at the college, where the knowledge of credit needs is greatest."

We believe this approach is sound.

- (1) It utilizes existing mechanisms without supplanting them.
- (2) It relates the existing national defense student loan program and supplementary guaranteed loans at the college level where the needs are best known.
- (3) It would insure that the total needs are met sensibly and economically.

Conclusions

We would like to add these final observations :

1. The student loan guarantee field is growing rapidly and unpredictably. It is very new. We are just learning how to deal with it. Just now a wide variety of profitmaking institutions, philanthropic organizations, local and State organizations are acting on student credit needs in a rich variety of ways. There are 10 statewide guarantee programs in operation. No two operate in the same way. Their terms, requirements, and methods vary widely. This is a wholesome thing. It provides an opportunity to compare the effectiveness of various methods and terms. This is particularly important in a field where little mistakes have large consequences. It would be unfortunate to substitute a single Federal program for this healthy variety and thus close the door to the benefits of comparative experience.

2. One of the most important weapons in the struggle for an answer to the problem of financing higher education is the credit-worthiness of our college population. For years the use of loans in education was inhibited by the myth that college students were poor credit risks. They have dramatically disproved that misconception. College students have proved by their remarkable conscientiousness about educational debt that they are among the best credit risks. It is absolutely essential that the reputation be preserved. Poorly designed programs which encourage carelessness and invite default could destroy the whole foundation of the skyrocketing use of student credit.

3. The need for student credit may descend in an avalanche. Prof. Seymour Harris has predicted that the demand for low-cost student credit may reach \$2½ billion annually by 1970. We must be certain now that we prepare to meet this possibility in the most economical way possible. Small extravagances built into an approach now may lead to wasted billions in a very few years.

In closing, I should like to quote from a report of the Committee on Federal Credit Programing to the President of the United States dated February 11, 1963 :

"Government financed credit programs should, in principle, supplement or stimulate private lending rather than substitute for it. They should not be established or continued unless they are clearly needed. Unless the urgency of other goals makes private participation infeasible, the methods used should facilitate private financing, and thus encourage longrun achievement of program objectives with a minimum of Government aid."

President Kennedy forwarded this report on the same day to U.S. Government agencies and departments with a covering memorandum in which he stated :

"I suggest that all departments and agencies administering loans, loan guarantee and insurance programs (including related grant programs) be guided by the principles outlined in the report in administering their present programs and especially in proposing any new or expanded credit authority."

United Student Aid Funds believes that the goal of a balanced, mutually beneficial relationship between Government-financed and private credit programs, so vigorously endorsed by our late President, should likewise be the goal of S. 2490. We are confident that the members of this subcommittee and the Senate as a whole will bear President Kennedy's injunction in mind as they act on this bill.

We appreciate this opportunity to make our views known and will welcome any questions which any member of the subcommittee may have.

STATEMENT OF UNITED STATES SAVINGS & LOAN LEAGUE¹

The United States Savings & Loan League believes new avenues should be opened to finance college educations of capable students whose parents cannot meet the financial strain imposed by a college degree.

The league supported legislation in 1963 that would have enabled federally chartered associations to make college loans. Although this legislation was not passed, the league still supports the concept of loans to needy students and

¹ The United States Savings & Loan League is a nationwide trade organization with over 5,000 members, including federally chartered, State chartered, insured, and uninsured associations. Its principal officers are Eugene Mortlock, president, New York; John W. Stadler, vice president, Washington, D.C.; Norman Strunk, executive vice president, Chicago, Ill.; C. R. Mitchell, legislative chairman, Kansas City, Mo.; and Stephen Slipper, legislative director, Washington, D.C. The league's Washington office is at 812 Pennsylvania Bldg., Washington, D.C., telephone: ME 8-6334.

recognizes that new sources of capital must be tapped to meet the increasing need and demand for such loans. With respect to S. 2490, no official position has been taken by the league, but the basic aim of the Hartke college assistance bill parallels the league's desire to channel new funds into the college loan market.

In years past, a college diploma was regarded as a luxury. But, in today's complex society it is almost a must. However, for any parent having a son or daughter in college, it has become painfully clear that the cost of obtaining a college degree has mounted sharply. Moreover, these costs have not stopped increasing nor are they expected to. Well-informed sources in the education field estimate that costs will rise at least 5 percent per year over the next 8 years or more and this is, at best, a conservative estimate.

For some, this upward trend has meant that the cost of a college education has simply become prohibitive. Others have had to seek help to supplement their own resources in obtaining a higher education. Even families well equipped financially to meet educational costs are seeking loans if available, preferring thus to budget costs rather than to sacrifice or disturb investments, annuities or the like to finance a higher education.

Although there are currently a number of programs operating that seek to fill the gap between what a student or parents can afford for an education and what it costs, the need for such aid far outstrips the present capacity of these programs. For instance, the Office of Education announced last year it had received requests for more than \$125 million under the program for the coming year which meant it would be unable to meet requests for at least \$35 million in student-needed funds. The frequency and urgency of solicitations received by graduates from their alma maters suggests that more funds are needed. Private financial organizations, commercial banks and insurance companies also offer plans to help finance a student's college expenses as do some civic, philanthropic, church, business, and labor groups. While some of these have met with success, it is still evident new financial resources must be tapped to meet the ever-spiraling cost of going through 4 years of college.

Therefore, I believe that the savings and loan business is in accord with the general principals of S. 2490, the Hartke college assistance bill, and is in agreement with the recognized need for greater financial aid to higher education.

PREPARED STATEMENT OF AMERICAN ASSOCIATION OF UNIVERSITY WOMEN,
WASHINGTON, D.C.

The American Association of University Women, an organization with a membership over 150,000, organized into 1,520 branches in the 50 States, Guam, and the District of Columbia, welcomes the opportunity to offer its support to S. 2490, the Higher Education Act of 1965.

At its last convention in June 1963 the AAUW adopted an item in its legislative program which indicates association concern over the need to insure to our society a continually increasing supply of well-trained college graduates. It reads: "Support of measures in education beyond the high school which would insure a balanced educational program of quality, an increase in the supply of qualified faculty members, a reduction of financial barriers to higher education for qualified students, and financial assistance to regionally accredited institutions for the improvement and expansion of facilities."

Our specialists in education have repeatedly pointed out to our membership the need, if we are to meet the demands imposed by the scientific, and technological era in which we find ourselves, not simply to maintain the ratio of college-educated individuals in our population but to expand substantially the proportion of college educated and professionally trained in our society. In addition, our specialists have constantly pointed out the dangers to the national welfare if the acquisition of post high school education is permitted to become increasingly difficult because of financial barriers. Such a situation would mean a continuing loss of candidates for college from the upper third of the classes graduating from our high schools. In addition it would mean the continuing loss of many C students whose potential contribution to society is greatly enhanced by college training, who need financial assistance, but who aren't of honors caliber.

We were greatly pleased over the enactment of H.R. 6143, the Higher Education Facilities Act. We sincerely hope that full appropriation of the sums authorized for this purpose will be made. Nonetheless, we recognize that provi-

sion of bricks and mortar solves only a part of the problem of educating for leadership in our society. Reduction of the financial barrier to higher education for qualified students is a far larger and more important matter.

We believe that the achievements we have witnessed under the higher education titles of the National Defense Education Act of 1958 warrant Association support for and expansion of these titles in S. 2490. We are happy to see the increase in the dollars authorized under section 201 and to see institutions of higher education included in the "forgiveness" title of section 204. In our eyes, if there is justification for such a provision at the elementary and secondary level there is also justification for the same provision at the higher education level.

We also believe that experience acquired under the National Defense Education Act indicates the wisdom of undertaking the loans, scholarships, loan insurance, and work study programs outlined in title II of S. 2490. Association experience with our own fellowships program gives us every reason to know that many a student whose parents do not meet the standards for need which are usually the accepted criteria, must have financial assistance if he, or she is to attend, or stay in college. We are also aware that many such students now borrow money for college expenses at usurious interest. Earlier experience with loan programs sponsored by the Federal Government demonstrate such high rates of repayment that comparatively little risk seems involved. At the same time the economic, social, and cultural benefits accruing not only to the individual but to society as well are of such magnitude as to make such programs appear to be mandatory. Our concern is that interest rates on Government-guaranteed loans be fully understood, remain low enough to be manageable, and that they be made to students qualified to undertake college training. We suggest the possible wisdom of screening such loans through the institutions themselves. We are also concerned about whether such loans will be easily available to students who haven't parents to back them. As all of us are aware there are many instances in which family situations are such that no family backing is possible.

The shortage of qualified faculties for the oncoming college student has made us aware of the contribution which mature persons can make if they are given financial support for further education. We urge that this committee make it clear in this legislation that such individuals are included in S. 2490 on a full- and part-time enrollment basis.

While we are pleased to note the proposal in S. 2490 for scholarships allotted to the States on a basis of merit and need, aiding most the economically deprived, we regard the sums proposed as adequate only for a pilot and experimental program.

We consider of great importance the program for work-study outlined in part D of S. 2490. In our belief such study-related work meets a great need for additional financial assistance which will benefit both the student and institution. Such work-study programs serve as an incentive to prevent drop-outs.

We urge passage of S. 2490.

U.S. SENATE, COMMITTEE ON FINANCE,

April 14, 1964.

HON. WAYNE MORSE,
U.S. Senator,
Washington, D.C.

DEAR WAYNE: In the course of the weeks since the introduction of my college education assistance bill, S. 2490, I have received a large number of letters from college presidents and association officers from all portions of the Nation.

These comments, I believe, would be a helpful addition to testimony presented before your committee. I therefore request that the letters forwarded herewith be incorporated in the committee hearing record as part of the testimony on the bill.

Sincerely,

VANCE HARTKE, U.S. Senator.

WILLIAMS COLLEGE,
Williamstown, Mass., April 14, 1964.

Hon. VANCE HARTKE,
U.S. Senate, Washington, D.C.

SIR: We have looked over the material which you sent to us with regard to the Hartke college student assistance bill, S. 2490. We appreciate your sending us this material.

It seems to us here that your bill is eminently worthy of support and I write to indicate this to you. We are impressed at Williams with the continued rise in the amount of funds that have to be made available to assist entering students if we are to avoid becoming a college for the exclusive attendance of the sons of the wealthy, which we very much wish to avoid. The rapid increase in the cost to the student of attending institutions of higher learning is all too apparent from the trend that tuition and other charges have followed in the last few years. I am afraid it is equally obvious that these costs are going to have to continue to rise in the relevant future. This is regrettable, but if colleges are to continue to provide excellent education, they have no choice.

The inevitable arithmetic of these developments indicates an increasing need for student assistance over the coming years. All of us share the belief that students should not be denied educational opportunity on financial grounds alone. It seems to us that your bill is a significant move in the right direction and it is for this reason that we support it.

If possible, I should appreciate having this letter made a part of the record of the hearings.

Respectfully yours,

JOSEPH A. KERSHAW, *Provost.*

EASTERN MICHIGAN UNIVERSITY,
Ypsilanti, Mich., April 13, 1964.

Hon. VANCE HARTKE,
U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: This will acknowledge your communication relative to the Hartke college student assistance bill, S. 2490.

As we reviewed the bill, we find it would be very helpful to us. We have an increasing number of students each year who find themselves in need of additional financial support.

It should be pointed out that one of the biggest problems we have is to secure matching funds on the part of our institution. A few of the States provide matching funds in the appropriations for the public colleges, but in Michigan we have to provide this from some kinds of local sources.

Yours sincerely,

EUGENE B. ELLIOTT, *President.*

UNIVERSITY OF ALABAMA,
University, Ala., April 13, 1964.

Senator VANCE HARTKE,
*Senate Office Building,
 U.S. Senate,
 Washington, D.C.*

DEAR SENATOR HARTKE: We have been deeply interested in the various proposals submitted to the Congress designed to assist worthy students in pursuing higher education. We are particularly interested in the bill which you proposed as the Hartke college student bill, S. 2490, since it appears to meet the needs of certain segments of our population which would not be aided by other proposals.

In the State of Alabama we find that a large number of outstanding high school graduates do not enter college due to their inability to obtain the necessary financial support. Many of these students come from families having five or six children with incomes less than \$5,000 per year. It is quite obvious that attending college becomes almost impossible under such circumstances, except in those instances where students can help themselves through part-time employment. Even then, the uncertainty of securing these jobs has an adverse effect on high school students' plans for higher education.

It appears to me that the real strength of the bill which you propose is in its diversification, including the undergraduate scholarships, the long-term student loans, the educational loan insurance, and the student work-study program.

It is quite obvious that many students hesitate to go deeply in debt to finance their college education. Consequently, the scholarship program would be available to many of the superior students while others might prefer to accept some type of part-time employment which would meet their needs. The insured feature of loans through private sources would be particularly pleasing to many.

In view of constantly rising costs of higher education, your plan for raising the loan ceiling both at the institutional level and on individual student loans warrants widespread support. It would be my hope that the present legislation supporting the National Defense Education Act program might be amended to include these provisions.

I would interpose no objection to the use of information contained in this letter in any appropriate way to bring about the passage of this bill. If there is any other way in which I may be instrumental in doing this, I shall be happy to comply.

Most cordially,

FRANK A. ROSE, *President.*

CONNECTICUT COLLEGE,
New London, Conn., April 15, 1964.

Senator VANCE HARTKE,
U.S. Senate,
Washington, D.C.

MY DEAR SENATOR HARTKE: I would like to add my voice to the others you are hearing about the superiority of your bill, college student assistance bill, S. 2490, to any bill of its kind submitted to Congress.

Your bill goes to the heart of the matter as Senator Ribicoff's did not. It has the look of the future on it, I am convinced, and I regard its passage, or the passage of a bill very much like it, as inevitable. It equalizes educational opportunities across our Nation and brings the attention of individual citizens and laggard State governments to their proper duties.

You are to be congratulated for marshaling the right educational and democratic arguments. I wish your bill every success and assure you any support that my voice or position can lend.

Yours sincerely,

CHARLES E. SHAIN, *President.*

MILWAUKEE INSTITUTE OF TECHNOLOGY,
Milwaukee, Wis., April 15, 1964.

Hon. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR MR. HARTKE: I read the testimony which you presented on the college student assistance bill, S. 2490, and I was extremely impressed. I cannot emphasize strongly enough the importance of this bill to the American public.

The Milwaukee Institute of Technology is tuition free to the residents of the city of Milwaukee. Even so, hundreds of capable young men cannot attend school here because they must work a 40-hour week to support their families. At the present time approximately 40,000 people per week are losing their jobs due to automation, while at the same time we cannot fill the demands for technicians in this country.

I feel that it is imperative that your bill be given the utmost consideration in the U.S. Senate. I would appreciate your making this letter a part of the hearing record.

Sincerely,

ALIDOR L. VANDERPORT, *Dean of Men.*

GUSTAVUS ADOLPHUS COLLEGE,
St. Peter, Minn., April 16, 1964.

Senator VANCE HARTKE,
U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HARTKE: Many of us in private education have been heartened by the so-called Hartke college student assistance bill, S. 2490, and would like to assure you of our wholehearted support in providing substantially for the needs

of college students. We are particularly grateful that the possibility of supporting higher education through financial assistance to individuals rather than exclusively by grants to institutions is being taken seriously by the Congress. Programs of this sort have the additional advantage of encouraging the full utilization of private educational facilities and thus relieve some of the pressure on the public institution.

The high cost of college education now and in the future will work real hardship on a considerable segment of the youth of our land unless some such provision as included in your bill is made.

Respectfully yours,

EDGAR M. CARLSON, *President.*

RIDER COLLEGE,
Trenton, N.J., April 17, 1964.

HON. VANCE HARTKE,
Senator, U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: We enthusiastically support the Hartke college student assistance bill, S. 2490. This bill accomplishes an objective that a great many of our colleges and universities have been working toward for the past number of years; namely, the combination of scholarship assistance, student loans, and part-time employment.

In our own institution, the director of financial aid has found that, by combining these three methods of assistance, a great number of needy students can be helped. The fact that the student is accepting responsibility for repayment of a portion of his assistance through the loan feature, and his ability to earn part of his expenses while in college, provides a motivation that in almost every instance has resulted in higher academic achievement.

Unfortunately, I cannot personally appear before the Education Subcommittee, but I would sincerely appreciate this letter being made a part of the hearing record.

Sincerely yours,

F. F. MOORE, *President.*

THE UNIVERSITY OF MISSISSIPPI,
University, Miss., April 15, 1964.

Senator VANCE HARTKE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HARTKE: I referred your letter and the copy of your testimony on the Hartke college student assistance bill, S. 2490, to the director of financial aids on our campus, and he thinks it is an "excellent proposal." In fact, he said he considered it the best he had heard of—that it was comprehensive enough to help any student with a financial problem.

We hope this bill will be passed by Congress.

Best wishes to you.

Sincerely,

J. D. WILLIAMS, *Chancellor.*

BOSTON COLLEGE,
Chestnut Hill, Mass., April 8, 1964.

HON. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: I have read very carefully your statement concerning the Higher Education Student Assistance Act of 1965, S. 2490. I would like to add my wholehearted endorsement to many of the others you are receiving in favor of this proposal.

As you have indicated so eloquently in your statement, private institutions of higher education are facing very critical challenges in the years ahead. Many of our students come from lower socioeconomic backgrounds. They are in dire need of any financial aid which the Federal Government may see fit to give them.

I would be pleased to have my endorsement made a part of the hearing record.

With all good wishes for success in your endeavors, I am,

Sincerely yours,

MICHAEL P. WALSH, S.J.

ITHACA COLLEGE,
Ithaca, N.Y., April 9, 1964.

HON. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: On my return to campus after an extended absence, I find your letter and a copy of the April 1 reply written by Ben Light, secretary of the college. I wish to confirm his statement that I agree wholeheartedly with the provisions of the Hartke college student assistance bill, and that I am very willing to appear before the Education Subcommittee.

As Mr. Light mentioned, we are particularly concerned that the student loan allotment under the National Defense Education Act may be curtailed. It would mean that a number of our students would be forced to withdraw from college. We are urging our representatives in the Senate and House to work to the end that no reduction be made in the allotments to colleges and universities.

The evident keen interest of legislators, such as yourself, in the cause of higher education is most heartening to all of us. It is our desire to cooperate with you in every way possible.

Sincerely yours,

HOWARD DILLINGHAM.

ST. VINCENT COLLEGE,
Latrobe, Pa., March 20, 1964.

HON. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: Allow me to express my gratitude and appreciation for your work in regard to the Higher Education Student Assistance Act of 1965 (S. 2490). I, for one, am greatly impressed by what you are doing. If you are successful in this project, you will be serving higher education in a manner that is both commendable and, in some ways, unique. I should like, therefore, to encourage you in every manner possible.

I know, too, that other educators in positions similar to mine must be cognizant of your splendid efforts. I trust that they, in turn, will also express their appreciation.

Sincerely yours,

REV. MAYNARD J. BRENNAN, O.S.B.,
President.

AMERICAN ASSOCIATION OF DENTAL SCHOOLS,
Chicago, Ill., March 6, 1964.

HON. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: I have read with considerable interest the materials attached to your letter of February 19 describing your Higher Education Student Assistance Act of 1965.

Unfortunately, I have been out of the city for several days, thus have not had an earlier opportunity to acknowledge your letter nor to indicate that it will be referred to the executive council of this association at its March 22 meeting. In the meantime, it is my opinion that existing policy of the American Association of Dental Schools permits a full endorsement of the objectives set forth in S. 2409.

Respectfully yours,

REGINALD SULLENS, Secretary.

AMERICAN FEDERATION OF TEACHERS,
Chicago, Ill., March 5, 1964.

HON. VANCE HARTKE,
U.S. Senator from Indiana,
Senate Office Building, Washington, D.C.

DEAR SENATOR HARTKE: The American Federation of Teachers has been a pioneer in the fight for additional Federal aid for education. We are strongly supporting the entire Kennedy educational package. A part of the package has been passed, but we want the entire program passed.

I believe your bill has merit. More and more of our members are teachers in junior or community colleges. We thus believe that the great movement of community colleges in California should spread to all the States, and your bill should be a step in that direction.

I am also impressed with your concern for other terminal programs, as well as the provision of additional loans for qualified students.

Yours truly,

CARL J. MEGAL, *President.*

P.S.—I would appreciate a copy of your hearings for each Dr. Reuter and myself.

THE AMERICAN ASSOCIATION OF COLLEGES FOR TEACHER EDUCATION,
Washington, D.C., March 23, 1964.

HON. VANCE HARTKE,
U.S. Senator,
Washington, D.C.

MY DEAR SENATOR HARTKE: On behalf of the American Association of Colleges for Teacher Education, I wish to thank you for your recent letter bringing to our attention copies of the Hartke bill, S. 2490, and the record of your testimony before the Senate Subcommittee on Education. You have performed a significant service to this country in bringing to the attention of your colleagues in the Senate a bill which will focus their attention upon the serious problem of providing adequate support for students seeking college and university education. The timing of your bill is particularly significant, in view of the rising concern about the increasing costs of higher education.

While the American Association of Colleges for Teacher Education is not organized for the purpose of taking official positions on proposed legislation, it is clear that many of the 662 colleges and universities represented in AACTE membership will, in fact, make their positions known regarding support of this bill through such organizations as the American Council on Education, the Association of American Colleges, and the American Association of State Universities and Land-Grant Colleges, to name a few.

I appreciate very much your thoughtfulness in keeping me informed of the developments in regard to this bill, and if I can be of service as you move ahead, please let me know.

Sincerely yours,

EDWARD C. POMEROY,
Executive Secretary.

THE MODERN LANGUAGE ASSOCIATION OF AMERICA,
New York, N.Y., March 6, 1964.

Senator VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: I have now had the opportunity to review bill S. 2490 and I must commend you on the wisdom and statesmanship which it incorporates—in particular, the items making more adequate loans available to teachers and students preparing to teach. The work-study program would be almost equally useful.

If there is any opportunity for the MLA to offer testimony in behalf of this bill, please let me know.

Sincerely,

JOHN HURT FISHER,
Executive Secretary.

COUNCIL FOR FINANCIAL AID TO EDUCATION, INC.,
New York, N.Y., April 2, 1964.

HON. VANCE HARTKE,
U.S. Senator,
Senate Committee on Finance,
Washington, D.C.

DEAR SENATOR HARTKE: Thank you for your letter of March 17 with enclosures in connection with your bill S. 2490 which has just been received.

We are very appreciative of your interest in the financial support of higher education through your college student aid bill but we cannot accede to your request for an expression of opinion from the officers of this council. Our board of directors has continually maintained the policy that no staff member may express any opinion or engage in any official discussion of legislative proposals or actions.

Sincerely,

LAURA BARRETT,
Secretary and Assistant Treasurer.

INTER-AMERICAN COLLEGE ASSOCIATION,
Pomona, Calif., March 8, 1964.

Senator VANCE HARTKE,
U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: I have examined your bill for aid to students in higher education (S. 2490) and find it has many potentials to improve educational performance in higher education. I proposed a similar program to the American Technical Education Association several years ago—since I have been quite concerned with technical education problems. I also believe the bill should encourage the growing trend to extension work, which fits a definite need in the expansion of education.

The Inter-American College Association is primarily concerned with educational institutions in Latin America—but we are desirous of backing your bill in anyway we can. In other words, the problem is one to be solved in all areas where there are institutions of higher learning, and your bill can help definitely.

You are authorized to indicate in your records that this institution is favoring your bill. If you need any other particular approval information, please write to my California address.

Yours very truly,

ROBERT C. VERKLER, *President.*

COMMONWEALTH OF PENNSYLVANIA,
DEPARTMENT OF PUBLIC INSTRUCTION,
SHIPPENSBURG STATE COLLEGE,
Shippensburg, Pa., April 7, 1964.

Hon. VANCE HARTKE,
Senate Office Building, Washington, D.C.

DEAR SENATOR HARTKE: We are tremendously interested in the college student assistance bill S. 2490, which you introduced in the Senate in February. I endorse this comprehensive measure which would provide financial aid and assistance to worthy students seeking a higher education.

I did not approve of the Ribicoff proposal which would have provided a tax savings for parents of students. The Ribicoff proposal would not have provided assistance to families in the low income groups.

I trust that the 88th Congress will enact S. 2490 into law.

Sincerely yours,

RALPH E. HEIGES, *President.*

THE NATIONAL COUNCIL,
New York, N.Y., March 6, 1964.

Hon. VANCE HARTKE,
U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: Your bill for aid to students in higher education, S. 2490, has come to my desk as executive officer for the Commission of Church-State Relations of the National Council of the Episcopal Church. I have also had an opportunity to read your testimony before the Senate Subcommittee on Education.

I find myself personally in favor of your proposal to expand the NDEA program, to step up scholarship aid, and other provisions to make a college education possible for more of our young people. I plan to call attention to your bill at our next staff meeting.

Sincerely,

DIVISION OF CHRISTIAN CITIZENSHIP,
The Reverend HERSCHEL HALBERT,
Associate Secretary.

LUTHER COLLEGE,
Decorah, Iowa, April 2, 1964.

Senator VANCE HARTKE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HARTKE: Following my pleasant visit in your office early in 1963 by introduction through our mutual friend, Roy Peel, I have not been surprised with the interest you have shown in American higher education and with the wisdom encompassed in S. 2490.

I compliment you for the careful way in which you have assembled the information for a logical, comprehensive method of Federal assistance to individuals to finance their college education—and indirectly provide financial assistance to colleges and universities—and, in reality, directly strengthen the future economy of the Nation.

I cannot conceive of opposition to your bill. Obviously, it should be a non-partisan issue as it should appeal to the most conservative as well as the most liberal politicians. Educators in both public and private higher educational institutions should favor the bill. Certainly the decision as to institution he desires to attend remains with the student and, in terms of the loan provisions, the qualifications of the student are primary. Ultimately, the student has the responsibility for repayment.

Federal scholarships are essential if we are to prevent the loss of many students of exceptional ability. The provision that this program be administered by State commissions reduces the problem of Federal control. The work-study program of the Kennedy administration's proposal has always appealed to me as an excellent plan. Such assistance could strengthen the instruction in many institutions. We have found that our student assistantships encourage young scholars, and we regret that our budget limits the expansion of these work scholarships. Many more of our students could be employed in academic endeavors related to their educational goals if funds were available.

As important as I consider the above two parts of your comprehensive bill, I am most vitally interested in the two loan provisions. We were recently shocked by a proposed reduction in the amount of national defense loan funds to Luther College by 65 percent. Such a sudden reduction because of a change in the methods of allocation of available funds could severely damage the operating financial structure of the college as a high percentage of our students come from low-income rural families and are dependent upon loan funds to attend Luther College. If these funds are not available, many will have to terminate their education or transfer to public institutions—thereby increasing the ultimate cost to the taxpayer. Such abrupt changes in procedures pose a constant threat of Federal control and must be eliminated. Your proposal to significantly increase these funds and to remove institutional ceilings is most wise. I do not object to specific qualifications in order for individual students to receive either scholarships or loans—in fact, these are quite necessary; however, I do object to abrupt changes in procedures with short notice to institutions. Such changes could severely damage the financial and/or academic structure of the institution.

Because of the national student defense loan program, there has been a rapid shift in student attitudes about borrowing funds to finance their education, and I am confident that Federal loan insurance for commercial loans would stimulate the use of such credit. I am in agreement that such financing places the burden with the individual who, because of his academic training, ultimately should be able to pay the costs for at least a portion of his education. These loans would be especially helpful to families with several children.

Certainly you may include portions of this letter as a part of hearings on S. 2490 and, if possible, I would appreciate the privilege of appearing before the Senate Education Subcommittee to support this bill.

Sincerely,

E. D. FARWELL, *President.*

LUTHER COLLEGE,
Decorah, Iowa, March 26, 1964.

Re 23-25-0290.

Dr. FREEMAN H. BEETS,
Kansas City, Mo.

DEAR MR. BEETS: Luther College acknowledges receipts of a communication dated March 6, 1964, from Mr. Kenneth W. Mildenerger, director, division of

college and university assistance, in regard to its application for a Federal capital contribution to its national defense student loan fund for 1964-65. In this communication Mr. Mildenerger states that a new formula has been adopted for determining the allocation to individual institutions and that under this formula Luther College would receive \$117,000 for 1964-65.

Convinced that a capital fund contribution of \$117,000 would work a hardship on the college and its students, Luther College wishes to avail itself of the privilege of submitting evidence in support of its need for an appropriation in excess of this amount.

In its application dated November 27, 1963, Luther estimated its loan fund need for 1964-65 at \$392,955 and requested a Federal capital contribution of \$341,960. After receiving Mr. Mildenerger's letter we have carefully reviewed our application and on the basis of our reevaluation submit herewith a revised estimate of total need of \$330,170 and a Federal capital contribution of \$275,453. This reevaluation has been accomplished by reducing the number of students to whom loans will be granted and the amount of the average loan.

The revised figure of \$330,170, total need, is based on a careful analysis of projected enrollment and the college's experience in terms of students enrolled requiring loans and the average loan per student over the past several years.

Luther's projected enrollment for 1964-65 is 1,390 students consisting of 790 returning students and 600 freshmen. The figure of 790 returning students is a reliable estimate based on the college's consistent experience over a period of years in terms of the percentage of returning students. The college aims to enroll 600 freshmen. With 560 incoming freshmen already enrolled there is no doubt that the goal of 600 will be reached if not exceeded.

With an enrollment of 1,390 the college will have need of loan funds for a minimum of 482 students as the following figures showing the percentage of students receiving loans each year reveal:

Year	Enrollment	Number of borrowers	Percent of student body
1960-61	1,260	262	21.0
1961-62	1,303	307	23.5
1962-63	1,309	423	32.3
1963-64	1,183	411	34.7
1964-65 (estimate)	1,390	482	34.7

These figures show that the percentage of students at Luther needing loans has increased each year. Nevertheless, in the revised request the percentage of borrowers for 1964-65 is maintained at 34.7 percent, the same as for the current year.

The revised average loan request is \$685, an increase of \$29 over the average loan in 1963-64. This figure is also based on the college's loan experience and is closely related to college costs at Luther. Following are the comparative figures for 1960-64:

Year	Percentage of students with loans	College costs	Average loan
1960-61	21.0	\$1,425	\$469
1961-62	23.5	1,425	495
1962-63	32.3	1,670	627
1963-64	34.7	1,780	656
1964-65 (estimate)	34.7	1,830	685

The increase in the amount of the average loan clearly reflects the increased college costs at Luther. For 1964-65 it has been found necessary to increase the comprehensive cost by \$50 to a total of \$1,830 as shown in the application. This increase will definitely be reflected, as in previous years, in students' requests for loans. An increase of \$29 in the average loan is a conservative estimate in the light of past experiences.

The college, therefore, requests funds for 482 borrowers at an average loan of \$685 for a total need of \$330,170 and a Federal capital contribution of \$275,453. It regards this figure as a conservative estimate of its need.

This revised estimate of need and request for a Federal capital contribution represents the collective judgment of the faculty committee on financial aid to students which is composed of the chairman, the college's institutional representative, who was until September 1 dean of the college and vice president; the business manager and treasurer of the college, who is the college's fiscal officer; the registrar; the dean of students; and the director of admissions.

This committee has been assigned the responsibility of administering the college's total financial aid program to student including scholarships and grants-in-aid, part-time work, the national defense student loan fund, united student aid fund, college loan funds, and other loan funds maintained by various organizations to which the college refers students for loans. The personnel of this committee has remained unchanged for several years. Composed of members especially concerned with students' welfare, who have administered the national defense student loan fund since its inception, the committee is able to make its evaluation with the maturity of judgment which derives from extended experience.

Luther College is a participant in the college scholarship services program. All students currently enrolled and all prospective students who need financial aid are required to complete the CSS financial aid application form. These applications are of course analyzed to determine need. The dean of students interviews each currently enrolled student making application in regard to his budget, resources, and need. The director of admissions or an admissions counselor likewise interviews prospective students whenever possible. On the basis of this information, the committee makes final evaluation and decision in regard to the amount of financial aid needed and its distribution in terms of scholarship or grant-in-aid, part-time work, and loan. The national defense student loan program is closely coordinated with the total student financial aid program of the college. The auditor representing the Office of Health, Education, and Welfare who audited the college's national defense student loan fund in August 1963 commended the college on its policies and procedures in granting and processing loans as well as its accounting.

Luther College is located in a rural or farming area of our country. The great majority of the students come from farming communities, farms, and small towns. This means that the students and their parents, whether living on farms or in small towns, are really dependent on agriculture economically because the economic prosperity of the towns is inseparably linked with that of the farmers. The majority of the students enrolled at Luther College come from families in the middle to lower income bracket. Currently, the net income of the average farmer in this area does not leave him with much ready cash. This is reflected in the business life of the communities as well. Opportunities for lucrative summer employment in this area are definitely limited.

Luther College is located in Decorah, Iowa, a town of approximately 6,000, including the student population of the college. Lacking industry, the city offers very limited opportunities for part-time employment. Eighty-five percent of students doing part-time work are employed by the college.

The college makes a conscientious effort to provide the maximum amount of financial aid within its resources.

During the current year, 595 students (50-plus percent) are receiving some form of financial aid; scholarships and grants-in-aid total \$67,428; 164 students are earning a total of \$49,050; and 411 students have national defense student loans totaling \$269,850.

For the 1964-65 school year the amount allocated to the scholarships has been increased to \$87,000 and the budget for part-time work has been raised \$5,000. The institutional capital contribution also places a heavy drain on the current budget. In addition, the college is a participant in the United Student Aid Funds which makes available additional loan funds of \$50,000 for its students.

The cost of attending college at Luther College is greater than at State institutions. However, the college is holding the cost to the student at a minimum figure in comparison with midwestern colleges of comparable academic stature. It is not the policy of the college to establish fees whereby the more affluent student subsidizes the student who lacks financial resources. A large percentage of the families which constitute the constituency of the college cannot finance the college education of their children except in part. There is therefore vital

need of resources for granting financial aid to this group. The national defense student loan fund is making it possible for these students to attend Luther College. An important objective of the loan program is to provide opportunity for a college education to students who would otherwise be unable to attend. At Luther College this objective is being very effectively achieved. The college now is successfully interesting and enrolling intellectually able freshmen students whom it could not previously have admitted. Evidence of this is the fact that 91 incoming freshmen received loans in 1961-62, 100 in 1962-63, and 116 in 1963-64. With a freshman class of 600, an increase of 250 over 1963-64, it is estimated that 162 will need loans.

The corollary, of course, is that freshmen entering college through the assistance of the national defense student loan fund normally need loans during the 3 remaining years as well. Three hundred and twenty students currently enrolled in the freshman, sophomore, and junior classes at Luther have NDSLIF loans. These will need loans again in 1964-65.

The college feels a strong moral obligation to provide the necessary financial assistance to enable these students to continue their studies to graduation. It also believes firmly that this is the purpose of the national defense student loan program. To meet the needs of the students at Luther College without seriously jeopardizing current fund operations through unpaid student accounts will require a total loan fund of \$330,170, over and above the college's program of financial aid from its own resources. The college, therefore, respectfully requests a Federal capital contribution of \$275,453.

The national defense student loan fund is fulfilling another important aim of the program at Luther College. Three hundred and sixty-three of the 411 students currently receiving Government loans at Luther College are enrolled in the areas designated to receive special consideration in the granting of loans:

Teaching	263
Science	54
Mathematics	34
Foreign language	8
Preengineering	4
Total	363

The record of repayment of loans to date is gratifying. Only nine borrowers are in arrears in payments amounting to \$570. On the other hand, the college reports 190 accelerated payments in the amount of \$6,102.

Personally, I am concerned about the implications of a change of policy in the methods of distribution of Federal funds which brings about an abrupt change in the appropriations to an institution or a particular group of institutions. Such a change may force an undue hardship and exert control on the institution which I believe should be avoided in any Federal program. It is not only conceivable but most likely that many Luther students would be forced to transfer to public institutions if national defense student loan funds were not available to them. Approximately 50 percent of the Iowa students in higher education attend private colleges where loan funds are more important to the financing of a student's education than in public institutions.

Sincerely yours,

E. D. FARWELL, *President.*

TUSKEGEE INSTITUTE,
Tuskegee, Ala., April 2, 1964.

HON. VANCE HARTKE,
U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: I have followed in the press with great interest Senate bill 2490 to provide 50,000 scholarship for undergraduates in 1965, with an additional 50,000 added each year through 1968; to increase the individual National Defense Education Act loan limit to \$1,500, and to remove the institutional ceiling entirely; to institute a Federal guarantee of commercial or other loans to students; and to provide funds for work-study program under which the institutions would receive funds to hire students for academically related tasks. This bill, if passed, will assist Tuskegee Institute tremendously, and it has the hearty support of faculty and administration of this institution.

We have recently prepared a statement about need for additional scholarship assistance for our students. The enclosed excerpt may be used as a part of the hearing record, or in any way that you think it might be helpful.

Kind regards.

Sincerely yours,

L. H. FOSTER, *President.*

VITAL ASSISTANCE—THE CASE FOR FINANCIAL AID TO RECRUIT EXCEPTIONALLY PROMISING TALENT TO PURSUE A COLLEGE EDUCATION

EXCERPTS

"A nationwide survey by the National Merit Scholarship Corp. showed that one out of every five high school students who rank in the top third of ability and who express interest in higher education fails to go on to college or university because of high costs. In the case of the Negro community with its greater economic disenfranchisement, the program looms even larger.

"Profile of financial need among Tuskegee students.—The 'ability to pay' simply could not be a deciding factor at the institute, particularly in the many cases of highest qualifications and motivation for higher education on the part of students applying for admission (nearly 30 percent of freshmen admitted are valedictorians and salutatorians of their high school graduating classes). Further, the need for a comprehensive program of financial assistance is evident as follows:

"Data on approximately 25 percent of the students included in the survey show that both mothers and fathers were the source of financial assistance; in 10 percent of the cases mothers alone provided such assistance.

"On the matter of income, 90.2 percent of the students came from families where the wage earners had income of \$5,000 or less. In 47.8 percent of the families, the income was under \$3,000.

"Many students come from large families with other siblings to be cared for and educated.

"A high percentage of entering freshmen spend considerable time making up academic deficiencies and are not in the best position to earn part of their educational expenses.

"The need for scholarships in nursing, engineering, and veterinary medicine are acute because the rigor and fullness of these programs do not afford students much of an opportunity to earn part of their expenses. It is also in these programs that many prospective students are desirous of enrolling but do not have the financial resources even to begin their studies here.

"Tuskegee resources and financial assistance.—What Tuskegee Institute does and must do to provide financial assistance to deserving students is strikingly evident. The institute:

"Makes some 500 or more jobs available to its students—one-quarter of the student body.

"Maintains a 5-year scholarship plan which enables students to complete in 5 years the normal 4-year academic program, while paying a minimum in fees, supplemented by part-time work. About 200 students are enrolled in this program.

"Expends from its own resources each year approximately \$300,000 in work scholarships, and \$120,000 in regular scholarships and fellowships, or a total of \$420,000. The burden on Tuskegee's finances and the necessary diversion of funds which might otherwise be used with great effectiveness elsewhere, is revealed in the fact that the above total of \$420,000 is approximately 50 percent of the institute's income of \$872,000 from tuition fees.

"Planning and financing educational costs.—The cost of an education at Tuskegee—\$525 for tuition and \$500 for room and board—adds up to \$1,025 a year. Some further increase is expected over the next few years and the demand for student aid is expected to grow—consistent with rising costs and larger numbers of students. We at Tuskegee hold the view that we can best approach this situation with a comprehensive system of assistance which applies loans, scholarships, and work opportunities to individual cases—combining all factors into a complete package of educational financing.

"In spite of what is done to assist students financially at Tuskegee, or the merits of the comprehensive view of assistance for the majority of its students, there are an increasing number of prospective students who dismiss any consideration to attend college or fail to choose an educational institution consistent with their abilities and interests. On the latter point, it must be recognized that

the chance to pursue a college education is one thing and the chance to get the best education possible is another. Therefore, any support or resources aimed at providing the best education possible for youth in both categories will be in the best national interest, especially if such support will give more talented students a chance to enter college and nurture them with new and expanded programs, services, and facilities. This is the one vital step in helping to make opportunity become real to an important segment of society, and to prepare that segment to—

“Share responsibly and fully in our expanding economy, and to contribute substantially to that expansion;

“Participate fully in the civic life of America unhampered and uninhibited by race and other group categories which often deny them this opportunity; and

“Share fully in all the benefits of society which tend to promote individual development, human dignity, and a sense of being and worth.”

ITHACA COLLEGE,
Ithaca, N.Y., April 1, 1964.

HON. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE:

* * * * *

Since your bill encompasses the provisions of the NDEA loan, I must tell you what has transpired in regard to Ithaca College and this National Defense Education Act student loan program. During the last 3 years we were allotted the maximum amount of \$250,000 which we loaned in total to our students. We had to reduce the amounts requested by our students on an average of 33½ percent because of lack of sufficient funds. This year after the limit was increased to \$800,000 per school, we were allotted an additional \$110,000, making a total of \$360,000 for the 1963-64 school year. This entire allotment was borrowed by our students. Our enrollment will increase by 350 students next fall. We asked for an allotment of \$586,000 which we knew was needed according to our past experience. We received a letter from the Office of Education, advising us that our allotment, based on a formula of \$100 per student enrolled, would result in our receiving only \$186,000 which is considerably lower than what we have been receiving since the bill's inception.

I have written an appeal, a copy of which I enclose. We appealed to our Congressman and Senators to vote for the educational facilities bill and its various amendments. We, at Ithaca College, cannot understand the ruling of the Department of Education based solely on a formula. Each college and university is different from another in regard to educational offerings, economic standing of the enrolled student body, endowments or lack of them, facilities, etc. We believe more investigation should take place before reducing the requested allotment of a college or university. We cannot use this money for other purposes and no college will ask for more than it can use.

I, personally, agree with your views and will be very willing to help in any way that I can. I assure you that President Dillingham will write, when he returns.

Sincerely,

BEN LIGHT,
Secretary of the College.

MARCH 26, 1964.

Mr. CHARLES H. HAMBLEN, Jr.,
New York, N.Y.

DEAR Mr. HAMBLEN: It was a severe blow to receive your letter advising us that our allotment for the 1964-65 school year was to be \$186,400 instead of the requested \$526,500.

Ithaca College wishes to appeal this decision. Our students are mainly from middle- to low-income families. Many of our students are children of teachers because many of our graduates are teachers and because we offer majors in physical education, music, speech and drama as well as the usual liberal arts courses. At least 60 percent of our students are enrolled in teacher training programs.

We have a scholarship and grant-in-aid program which is not endowed. Our funds are solely derived from income. Therefore, our program is limited in scope. We budget approximately \$100,000 per year for financial aid to students. We employ approximately 150 students in part-time jobs to help them defray expenses. You can see that we do everything possible to assist the needy and worthwhile student.

We have adhered to the following procedures in assessing loan applicants:

1. The student must make application each semester. This procedure increases our clerical and administrative workload, but we feel it is necessary since the applicants' economic situation is subject to change and his academic standing may also change each semester.
2. Our application form is the one recommended by NDEA loan program except that it is revised to make it more complete and appropriate to our needs.
3. A group of four men consisting of the NDSLIF officer, our college treasurer, as chairman, the secretary of the college, the dean of students and the director of admissions, make up the loan committee. The application for loan, personal interview, financial record, academic record in college and high school and other information provide necessary data to the committee. The committee strives to assess the student's need and his repayment potential before granting a loan.

Our past due accounts amount to \$13,466.76, or 1.1 percent of the total loaned. One hundred and sixty-six students are delinquent and 0.6 percent of the total are delinquent 1 year, 0.4 percent 2 years, and 0.1 percent are 3 years in arrears. About 35 of the 166 former students are continuing their education elsewhere and some are in service. They have not notified us officially of their status. Quite a few are eligible for the "foregiveness" part of the program and we are awaiting their official certification.

You undoubtedly know that during the years when the allocation was limited to a maximum of \$250,000 per year, we were granted \$216,000 for the 1960-61 school year; in 1961-62 we were allocated \$250,000 and the same in 1962-63, and for 1963-64, our application for \$508,000 was approved, but since the law had not as yet been amended, we received \$250,000. In all these years, funds allocated were not sufficient to meet the proven needs of our students. We had no choice but to reduce each application from 25 to 40 percent. Consequently, some students had to leave school and others had to go to commercial banks and make other arrangements to borrow funds to continue.

This year, anticipating the change in law to increase the limit of allocations, we granted loans on an "if" basis. "If" the amendment passed and "if" we received an additional allotment, we would increase the loan to the amount proven to be needed. We were granted an additional \$110,000. This Federal act has made it possible for many to continue their higher education who otherwise would not have been able to do so.

A reduction in allotment now rather than an increase as requested would be a catastrophe to many of our students and for many a tragic cessation of higher education would occur.

We are doing our share to enlarge our facilities to accommodate the increasing number of college-bound students. We expect an increase to 2,250 students for the next school year from 1,900 in 1963-64. We have had to increase our tuition and fees to meet the cost of expansion, higher faculty salaries, increased cost of supplies and services. We cannot afford to divert more of our income to financial aid for students.

We ask that you consider this appeal favorably.

BEN LIGHT.

TRI-STATE COLLEGE,
Angola, Ind., March 18, 1964.

Senator VANCE HARTKE,
U.S. Senate, Washington, D.C.:

* * * First of all, I am generally opposed to scholarships but clearly in favor of student aid in other forms. This belief of mine is shared by numerous other people in education. The reasons are likewise numerous. A few are outlined below.

1. There is benefit in the student providing for himself rather than being provided for. Self-reliance builds a stronger sense of responsibility in men than does an atmosphere of dependence.

2. When a facet so important to a person's life as his college education is given to him (\$1,000 per year's worth), it tends to create a feeling that other im-

portant things in life should likewise be provided, such other things as graduate study (numerous aids now available), postdoctorial study, most any specialty study, and other material things; e.g., a new home and a new car.

3. Having spent a lifetime in the field of education and in the Navy, I have been in contact with many young men. I cannot help but consider that a correlation exists (and a positive one between those who receive college scholarships and those who have the opinion that our Government owes them the things in life that should come about by their own efforts.

4. It is sometimes said that a scholarship should be provided at least to those gifted few who can receive a straight A record in college. On the other hand, it would seem that this group of students needs scholarships even less. Because of their superior abilities, they should have more free time to perform part-time jobs.

5. There is better use of money when it is placed in student loans rather than in student scholarships. Four thousand dollars in a scholarship, such as provided for in Senator Hartke's bill, will help but one student. That same \$4,000 placed in a student loan plan will help a student until he repays the money and then it is available to help another and another in an almost endless succession.

Secondly, the plan to increase the amount of loan available to undergraduate and graduate students is good. There may be some problem in determining the eligibility of some of the technical institutes and trade schools. Perhaps the advisory committee to the Commissioner will solve the problem in the individual cases of questionable schools. However, in so doing, the advisory committee may find itself functioning as an accrediting agency.

Thirdly, the educational loan insurance sounds excellent. This would encourage private, noneducational lending organizations to make money more readily available to college students. It could relax the restrictions on some student loan funds now operating. Also, all this could be brought about by very little cost to the Government.

Finally, the work-study plan as outlined by Senator Hartke seems to have many of the advantages of scholarships without the usual disadvantages. Having written my doctoral dissertation on the philosophies and practices of student employment offices (college placement offices which help students to find employment, usually part time, while they are attending college), I am particularly aware of the student aid values which can be developed here. Perhaps a modest annual grant to institutions having approved student employment offices would encourage more colleges to maintain adequate employment services. If college employment offices are properly operated, the match can be made between the employer work needs and the student wanting and requiring employment. Numerous jobs can be uncovered in most communities, even small communities. When such jobs are involved, they are real and are of benefit to both the student and the employer.

Should such institutional grants be made for student employment offices, a set of office requirements may need to be indicated. Perhaps the minimal organizational and operational structures would have to be specified.

In conclusion, Jim, I feel Senator Hartke's bill is needed. I am not as much in favor of scholarships as I am of loans and other forms of student aid. The idea of stimulating improved institutional techniques for placing students while they are enrolled in college may warrant further consideration.

Sincerely,

L. A. WILLIG, *Vice President.*

EARLHAM COLLEGE,
Richmond, Ind., February 24, 1964.

Senator VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: Thank you very much for sending me a copy of your recently introduced bill, S. 2490. I shall study the provisions with real interest.

It is certainly important, as you recognized in various provisions of your bill, to help individual students finance their educational costs. I am particularly pleased to see efforts being made to provide help for the 10 percent of highly qualified potential college students who do not enter college for lack of finances. Whatever can most reasonably be done to help them must be done.

Obviously, there are a great many different kinds of aid which we must provide for higher education if we are to meet the challenges of our time. As

I see it, the most glaring omission from the legislation which has been passed and from most of what is now being proposed is the omission of provisions to increase the incentives for individual giving to higher education and individual payment of educational costs. Here, of course, I am concerned about the tax credit approach.

The survival of the private, independent, and church-related college is a matter of grave national interest. Moreover, they should be enabled to continue to serve a broad cross section of the American people as they have in the past. Deliberately or by inadvertence most Federal aid legislation is designed to expand and strengthen the tax-supported institutions or to strengthen particular types of college programs, primarily research in the natural sciences at large universities. Though I am myself a State university graduate and strongly support National and State efforts to strengthen our tax-supported institutions, I feel increasingly called upon to protest the growing imbalance between public and private institutions, an imbalance that can only get progressively worse until or unless we are willing as a nation to make deliberate provision for the independent and church-related colleges, along with the tax-supported institutions in providing tax credits for both tuition payment and gifts.

Sincerely yours,

LANDRUM R. BOLLING.

FARMINGTON STATE TEACHERS COLLEGE,
Farmington, Maine, April 7, 1964.

Senator VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: I am pleased to add my endorsement of the college student assistance bill, S. 2490, which, by comparison, provides positive and comprehensive provisions for the several facets of the fiscal problem in higher education. It is by comparison a far more rational approach to this practical assistance question.

You may feel free to use this statement in any way that would indicate support of this proposed legislation.

Cordially yours,

ERMO HOUSTON SCOTT, *President.*

CENTRE COLLEGE OF KENTUCKY,
Danville, Ky., April 7, 1964.

Hon. VANCE HARTKE,
U.S. Senator,
Washington, D.C.

MY DEAR SENATOR HARTKE: I appreciate your thoughtfulness in sharing with me a copy of your testimony prepared for the Education Subcommittee regarding the merits of the Hartke college student assistance bill, S. 2490.

The purposes which this bill proposes to serve are commendable. Certainly we need to find greater means of enabling students to finance the increasingly higher costs of college education, which is of continually increasing importance to the further development of our society.

I have one reservation about this and similar programs, however. They tend to add even more to the growing concentration of all functions affecting the national welfare in the hands of the Federal Government. At some point we need to be exploring more fully, and hopefully finding, better means for fostering the development of the national welfare through education without having to resort to so many specialized programs—Government financed and Government administered.

Surely there are ways in which we can utilize the Government's tax and fiscal policies to encourage the diversion of a larger portion of our gross national product into such essential welfare purposes as education without having to utilize the direct processes of taxation and appropriation with all the bureaucratic involvements which these entail.

I shall be pleased to have this letter made a part of the hearing record. May I commend the interest which you and others in the Congress have shown in providing increased support for education as an imperative national resource. I trust that further discussion of the very complex problems involved in serving

these goals may produce new dimensions in the satisfaction of the needs and purposes of a free society.

I offer these comments as one who has been a lifelong Democrat, a liberal in the usual senses in which that word has been used to describe economic and political positions, and as a sometime student of government and public finance.

Sincerely,

THOMAS A. SPRAGENS.

MIDDLE TENNESSEE STATE COLLEGE,
Murfreesboro, Tenn., April 7, 1964.

Senator VANCE HARTKE,
U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: I have reviewed with some care the Hartke college student assistance bill, S. 2490. It appears to me after rather careful consideration of all the proposals that have been presented to Congress, that your bill would come nearer meeting the needs of the average student who plans to enter an American institution of higher learning, than any bill that has yet been proposed to Congress.

1. While there are many State and private plans that guarantee student loans from banks and other financial institutions this program is limited to certain areas in certain States. This provision would make this applicable across the Nation.

2. The student work program would be a great boost from the standpoint of the college and from the standpoint of deserving students who have practically no financial resources.

3. The scholarship program would serve a considerable number of students who need financial aid.

4. The National Defense Education Act has never provided as much money as is needed in an institution like ours to take care of students who are qualified and would profit from this act.

Sincerely yours,

QUILL E. COPE, *President.*

STEPHENS COLLEGE,
Columbia, Mo., April 6, 1964.

Hon. VANCE HARTKE,
U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: May I commend you for your vigorous efforts to provide more adequate aid for college and university students through the college student assistance bill which you have introduced.

In your program you already have the support of major educational associations and I merely wish to add my voice to those of other college and university administrators supporting the effort. College costs already exceed the financial means of many youngsters. These costs are bound to rise in the years ahead. Our society has a very large stake in the maximum development of the intellectual capacities of our young. No able youngster should be deprived of the opportunity to develop his potential for his own fulfillment and in service of his fellow man. Financial assistance of the sort provided in the bill you have introduced will go a long way to help fulfill that goal.

Sincerely yours,

SEYMOUR A. SMITH.

UNIVERSITY OF NORTH DAKOTA,
Grand Forks, April 6, 1964.

Hon. VANCE HARTKE,
U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: Thank you for sending me a copy of your address to the Senate from the Congressional Record, dated February 4, 1964, and the summary point by point comparison of your bill with the Ribicoff proposal. I like your point 1 which provides Government guarantees for students loans from banks and others up to \$2,000 per year, like FHA; I like the work programs which would provide up to \$1,000 per year per student for services performed and; I like point 4 which expands NDEA assistance to \$1,500 per year.

Until we have adequate facilities and reasonably satisfactory salary scales to provide institutions with the quality that we should provide for our young

people, I would have to insist that it is wiser to use tax funds for facilities and salaries before setting up Federal scholarships. We do need scholarships and we at this university can provide the evidence by exhibiting a substantial amount of applications for aid from worthy students who will need help to attend school. Nevertheless, I would prefer to continue to work as hard as we can to build up scholarships from private sources and reserve Federal funds for facilities and salaries to build institutions large enough and give programs of sufficient quality to furnish students with the best education we can. Until the quality of that education is fully adequate, I would have reservations about using such funds for scholarships. Therefore, I hesitate to support scholarships at this point until some of these other needs are better met, much as we need the scholarships now.

I want to thank you and the Members of Congress who have been working so diligently to bring relief in an area that is of critical importance to the future of this Nation.

Sincerely yours,

GEORGE W. STARCHER, *President.*

ST. JOHN'S COLLEGE,
Annapolis, Md., April 6, 1964.

HON. VANCE HARTKE,
U.S. Senate,
Congress of the United States, Washington, D.C.

MY DEAR SENATOR HARTKE: Thank you for sending me a copy of the Hartke college student assistance bill, S. 2490. The bill seems the most comprehensive approach yet to the national goal of assuring that no student of ability will be denied an opportunity for higher education because of financial need. The enactment of this legislation would certainly result in an increase in the number of qualified college applicants and would relieve the financial hardship of those already enrolled in college.

Two provisions of the bill, the undergraduate scholarships and the loan insurance, would be particularly helpful to St. John's. Both provisions would increase the financial resources of the needy student without appreciably increasing administrative overhead. The two provisions should result in allowing the college to concentrate its endowment grants and national defense loan money on those students whose financial need is most severe.

I am happy to send you this letter in support of the Hartke bill.

Sincerely yours,

RICHARD D. WEIGLE, *President.*

RICE UNIVERSITY,
Houston, Tex., April 6, 1964.

HON. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: Thank you for sending the information concerning your college student assistance bill, S. 2490.

I am very favorably impressed by the careful thought and wisdom which has gone behind the preparation of this bill and am happy to say that I believe it would make a valuable contribution if it were enacted.

I certainly wish you the best of luck in promoting legislation in this area.

Yours very sincerely,

K. S. PITZER.

SAN FRANCISCO STATE COLLEGE,
San Francisco, Calif., April 9, 1964.

HON. VANCE HARTKE,
U.S. Senator, U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: On reviewing the material which you kindly presented to this office and on consultation with my colleagues, I am pleased to join the many educators across the Nation who support the Hartke college student assistance bill, S. 2490, and urge its passage by the Congress of the United States.

Its service to qualified, deserving young people and to the cause of higher edu-

cation in this critical time in the Nation's history makes its passage of major importance.

Most cordially,

PAUL DODD.

LYNCHBURG COLLEGE,
Lynchburg, Va., April 8, 1964.

Hon. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: I am pleased to submit comments on your bill, S. 2490, to provide expanded assistance to college students.

We endorse all of the provisions of your bill and we feel that unless some program such as this is enacted, the colleges and universities of America will be unable to meet the requirements for higher education resulting from clearly discernible trends in our society.

Our projections indicate a need to accommodate approximately 7 million students by 1970, about twice the number enrolled in 1960. Clearly a great many of these potential students will not be able to afford the cost of higher education under present conditions.

Here at Lynchburg College we are doing all we can to prepare for increased student enrollments beginning with the 1964-65 session, but thus far we are unable to predict with any certainty what the requirements will be because there is no assurance that actual enrollment will expand in proportion to the enlarged college-age population of the years immediately ahead. I believe enactment of S. 2490 would vastly improve the prospects that more of our young men and women will be able to attend college.

I would be pleased if you would make this letter a part of your printed record.

Sincerely yours,

CAREY BREWER, *President.*

ALFRED UNIVERSITY,
Alfred, N.Y., April 7, 1964.

Hon. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: All of us at Alfred University are very much interested in the passage of the Hartke college student assistance bill, S. 2490. It is our opinion that the kind of financial assistance which this bill would provide is necessary if literally thousands of our young men and women are to have the advantage of college opportunities in the years which lie ahead. We believe that the Federal Government has an obligation to help in this matter in order to protect the future of our society and urge an early passage of this bill by the Congress.

This letter may be made a part of the hearing record if it seems appropriate.

With cordial greetings,

Sincerely yours,

M. ELLIS DRAKE.

UNIVERSITY OF MISSOURI AT KANSAS CITY,
Kansas City, Mo., April 2, 1964.

Hon. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: I have read with great interest the provisions of the Hartke college student assistance bill, S. 2490 and wish to express my strong support, personally and officially, for this measure.

It has been stated repeatedly that our youth is our greatest natural resource. To develop this resource to the fullest extent possible is without question our first obligation and responsibility as a nation. It is an obligation to our national interest, for the welfare of our democratic society and of the individual young citizens, to break through the financial barriers that prevent the full educational development of our youth.

A prominent official of the Ford Foundation, Alvin Eurich, has predicted that, by the 1970's, we will have an employment situation comparable to the great

depression of the 1930's because we are not able to integrate the hordes of under-educated, dislocated poverty stricken into an automated, highly integrated, affluent society. Such a shocking situation would have the most serious consequences, internally and internationally, for the stability of our Nation. A well-educated citizenry is our surest, and only, protection against such a dire prediction's coming to pass. The Hartke bill provides one of the important means of assuring the Nation of a well-educated citizenry.

To delay this action is to invite disaster, for it is the college-age youth of the next 5 years who can make the difference in the 1970's.

There are many other obvious reasons for support of the Hartke bill: the welfare of the individuals who comprise our citizenry; the population explosion; the knowledge explosion; the decline of jobs for the semiskilled and the unskilled; and more. But the enlightened self-interest of this Nation seems to me to be the single, most pressing argument for the Hartke bill's passage.

I would be pleased if you can make this letter of support a part of the hearing record.

Sincerely yours,

CARLETON F. SCOFIELD, *Chancellor.*

FRESNO STATE COLLEGE,
Fresno, Calif., April 6, 1964.

HON. VANCE HARTKE,
U.S. Senator From Indiana,
U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: I strongly endorse your Hartke college student assistance bill, S. 2490, which you have introduced into the Senate of the United States.

The basic philosophy of this bill is educationally and economically sound and is firmly cognizant of our societal commitment to the free enterprise system.

Every dollar expended will be repaid in terms of dollars, labor, or increased contribution to the economic level of the Nation. This is not a giveaway program.

This program will encourage students to better scholarship. If they are paying the bill for their own education through quality study and learning, by current related work, or by future repayments from earnings, they will be more cognizant of the need to make their educational experience truly worthwhile. Their personal economic investment will encourage them to care more about the quality of their education. If they place an increased value on education, they will be not only demanding of themselves to produce but will be more demanding that the colleges and universities they attend, also, be increasingly of higher quality. If they "study to earn to learn" (scholarships), "borrow to learn" (loans), or "earn to learn" (work-study), they will be better students, they will demand better teaching, and all of higher education—ultimately all of society—will be the beneficiary.

I would only ask that you give further attention to the loan repayment schedule. The repayment period must be keyed to a later period of the student's life when by increased earnings he begins to realize a personal return on the investment made. In no instance should the student be expected to begin repayment until after he enters the work force. In many instances his repayments may be delayed several years until the income increase resulting from his education is sufficient to make repayments.

I wish you every success in your effort to develop a practical means of enabling many of our now lost youth to receive a college education.

Respectfully yours,

ORRIN D. WARDLE,
Executive Dean.

YANKTON COLLEGE,
Yankton, S. Dak., April 6, 1964.

HON. VANCE HARTKE,
U.S. Senator,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HARTKE: I should like to register my endorsement of the Hartke bill with the hope that it will be enacted into the law of the land in the not-too-distant future. Yankton College is a small church-related institution that is faced with the tremendous challenge of growth. We have a long history of providing excellent education for many young people who are most worthy to

receive such education but financially unable to pay full tuition rates. Therefore, a program of financial aid in the form of loans, grants-in-aid, talent awards, etc., is most important to us, perhaps more so than for many other colleges.

I hope you will see that this letter is made a part of the hearing record. I would be very glad to appear before the education subcommittee in person to bear witness to them of the great need our particular college has in helping worthy young people.

Faithfully,

DONALD B. WARD, *President.*

NORTHWESTERN MICHIGAN COLLEGE,
Traverse City, Mich., April 6, 1964.

Senator VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: There is no question but that your college student assistance bill, S. 2490, is the most comprehensive approach offered to date to assist qualified students who have financial problems while attending college.

The student loan features are excellent and will receive full support from all of us in higher education. We recognize that the availability of scholarships to talented students must be increased, but some of us have been hopeful that this could be done on State and private levels. If this occurs, perhaps there should be some provision to prevent duplication.

There is much merit in giving needy students an opportunity to earn part of their expenses. However, I have some reservations about the work-study features of the bill. Unless these jobs are important and really need doing, the results could be bad for student morale. I am hopeful, therefore, that very definite restrictions may be included regarding the institutional uses of these funds.

Sincerely yours,

PRESTON N. TANIS, *Director.*

OLIVET NAZARENE COLLEGE,
Kankakee, Ill., April 7, 1964.

Hon. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: I have before me your copy of the testimony which you presented on the Hartke college student assistance bill S. 2490. Thanks so much for sending it to me.

As I understand the salient features of the bill, the bill would provide scholarships for 50,000 undergraduates in 1965 with an additional 50,000 added each year through 1968. It would also increase the individual NDEA loan limit to \$1,500 and remove the institutional ceiling entirely.

This provision would be very fair as far as I am concerned if we could be assured in the liberal arts colleges and independent universities that we could receive the maximum which we need. If it is a plan to divert these loan funds from the small colleges so that the great universities can have unlimited sources of help at the expense of the liberal arts college, I would be tremendously opposed to it.

Thanks so much.

Cordially yours,

HAROLD W. REED, *President.*

ARKANSAS COLLEGE,
Batesville, Ark., April 6, 1964.

Senator VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: With a continuing increase of students at this institution we appreciate the efforts which you and your associates are making toward the passage of Senate bill 2490. It will mean a great deal to our youth to have this assistance on a broad basis.

Sincerely yours,

PAUL M. McCAIN, *President.*

BENNETT COLLEGE,
Greensboro, N.C., April 6, 1964.

HON. VANCE HARTKE,
U.S. Senator,
U.S. Senate,
Washington, D.C.

MY DEAR SENATOR HARTKE: We appreciate your recent communication enclosing a copy of the testimony presented on the Hartke college student assistance bill, S. 2490.

We heartily support this bill and appreciate the fact that you have presented it to our Government for consideration.

In these days of spiraling costs, students hardly have adequate aid to complete their college experience. If some way could be provided to implement the present assistance through loans, this will be extremely valuable. It is my belief that talented students should be provided Government scholarships to assist them with their education. I sincerely hope that this aspect of the bill will receive due consideration.

Thank you for your interest in the promotion of higher education in our country.

With every good wish, I am,
Very truly yours,

WILLA B. PLAYER, *President.*

ELKHART UNIVERSITY,
Elkhart, Ind., February 13, 1964.

HON. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR MR. HARTKE: There are thousands of young men and women, particularly men, who would attend a vocational school if they had the financial assistance. The Government now has a program for a 4-year degree pupil, but they are overlooking the most important ones of all, the vocational and trade schools, which will qualify these young people to learn and have a trade so they can be self-sustaining instead of going from one job to another, as you know is so much the case today.

Assistance of this kind, in my opinion, will keep a lot of young people in school so they can graduate and make themselves self-sustaining by having a trade or profession. Having been in the school business for a number of years and gone through the GI bill, I have positive proof of what vocational training will do for many young men and women, because they are not all 4-year college material. We have hundreds of veterans who have taken our training and gone out and made themselves a credit to their community.

In both the medical and dental fields there is a shortage of technical help. In other words, we have more positions available than we have graduates. Just in the last week a young man who had been attending a 4-year college under the assistance of the 4-year loan plan with the Government came to us. He found after he was there for a year and a half that he was on the wrong track, so decided he would like to follow something along our line. He could not get assistance from the Government to go to a nondegree vocational school, so I have him going to school and letting him work for his tuition, as well as having obtained a part-time job for him to pay his room and board.

This instance is one of many, and I think upon investigation that you will find there is a definite need for young men and women to be assisted in the vocational field. It will provide them with a trade or profession to be self-sustaining instead of later on in life perhaps becoming a public charge.

I would appreciate it very much if you would give this your very careful consideration.

Sincerely,

H. B. ELLIOTT, *President.*

CHAPMAN COLLEGE,
Orange, Calif., April 3, 1964.

HON. VANCE HARTKE,
U.S. Senator From Indiana,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HARTKE: I find myself in general agreement with your proposal embodied in the Hartke college student assistance bill S. 2490 except that I strongly object to the idea of removing the institutional ceiling entirely in the National Defense Education Act student loan program.

At present, even under the \$250,000 limit, which of course only applies to the large universities and colleges, there is too little left for the smaller colleges across the land, and it is here that the loan program has met the greatest need.

Sincerely yours,

JOHN L. DAVIS, *President.*

THE UNIVERSITY OF CONNECTICUT,
Storrs, Conn., April 6, 1964.

HON. VANCE HARTKE,
U.S. Senator,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HARTKE: In response to your recent letter addressed to college presidents, I would like you to know of my enthusiastic support for the Hartke college assistance bill, S. 2490. I read this measure with a great deal of interest and appreciation, and I want you to know that even the University of Connecticut, where a vigorous effort has been made to hold down the cost of college attendance, we have a most urgent need for additional student aid funds. An enactment of your bill into law will certainly help to alleviate the problem of inadequate financial aid for students on this campus.

Sincerely,

HOMER D. BABIDGE, Jr., *President.*

BUTLER UNIVERSITY,
Indianapolis, Ind., February 4, 1964.

Senator VANCE HARTKE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HARTKE: I am very pleased by the aid to higher education bill that you introduced to the Senate yesterday. College debators are considering a national topic on Federal aid to higher education, as you no doubt know. We, of the Butler debate squad, have reached a solution which we are advocating that is quite similar to yours.

Cordially,

CRAIG E. PINKUS.

DREXEL INSTITUTE OF TECHNOLOGY,
Philadelphia, Pa., April 6, 1964.

HON. VANCE HARTKE,
U.S. Senator,
Washington, D.C.

MY DEAR SENATOR HARTKE: This is in reply to your recent letter requesting comment on the Hartke college student assistance bill, S. 2490.

Members of our staff have studied the draft of the bill which you sent us. As it now exists, the proposed legislation does give favorable consideration to cooperative programs. One comment which should be made, however, is that there is no provision for a grant to colleges covering the administrative costs for these programs. In other words, this bill helps out students but does not necessarily aid the colleges. The administrative costs of the work-study program and of managing additional national defense education funds would be considerable.

I trust this information will be useful to you and that the legislation succeeds in passing the Congress of the United States.

Sincerely,

W. W. HAGERTY

PACE COLLEGE WESTCHESTER,
Pleasantville, N.Y., April 1, 1964.

HON. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: I am pleased to advise you that I received your letter of March 18, 1964, and that Florence Brady, president of the American Association of Collegiate Registrars and Admissions Officers has forwarded to me the materials on your college student assistance bill, S. 2490.

As chairman of the Committee on Scholarships and Financial Aid of AACRAO I am, in concert with my committee, preparing a report for inclusion in the hearing record. As you suggested, I am directing our report to Senator Wayne Morse, chairman, Subcommittee on Education.

To the best of our ability the report will represent the opinion of our association and with your indulgence will reach Senator Morse not later than April 15, 1964.

Please accept our gratefulness for being able to contribute from our experience to this important matter. In our opinion, this bill will assure all students with ability the opportunity for higher education even without family or personal financial resources to aid them.

We commend your leadership in the construction, support, and introduction of this broad-scoped bill, and trust that we will all see it enacted.

Very sincerely,

WILLIAM F. McALOON, Ph. D.,
Dean and Director.

ILLINOIS STATE UNIVERSITY,
Normal, Ill., April 3, 1964.

HON. VANCE HARTKE,
U.S. Senator,
Washington, D.C.

DEAR SENATOR HARTKE: It is a real pleasure for me to encourage and commend you on your college student assistance bill, S. 2490. While no legislative enactment could completely ameliorate the problems confronting students in their desires to attend college, I believe the Hartke bill represents the most significant step to date toward solving this important national problem. I hope that it will soon be enacted into law.

If it will prove helpful in accomplishing this end, I would like for my position in support of this bill to be made a part of the hearing record.

Sincerely yours,

ROBERT G. BONE.

MOUNT MARTY COLLEGE,
Yankton, S. Dak., April 2, 1964.

HON. VANCE HARTKE,
U.S. Senate Office Building,
Washington, D.C.

DEAR SENATOR HARTKE: I would like to congratulate you on the excellent work you have done in sponsoring and explaining the Hartke college student assistance bill, S. 2490. I have already had the opportunity to vote on whether our college would be in favor of the various parts of this bill, in its fourfold considerations, and am happy to tell you that we were very much in favor of all four.

We believe, as you suggest, that this bill will make it possible for many students to continue their education where they might have been hindered because of financial inability. It is become more and more apparent that young people will be at a disadvantage—more than ever—if they have not had a college education, and whatever can be done to aid them is certainly worth our consideration. We like the features of this bill that provide for both scholarships and loans, and we like particularly the feature involving a work-study program, because we believe that this type of opportunity can help students not only financially, but

also make them more appreciative of the opportunity that is being given them to pursue a college education.

We will be watching with a great deal of interest the progress of this bill as it is being considered, and we hope that it will gain sufficient senatorial support to be enacted into law. The increasing number of supporters must be encouraging to you.

Very sincerely,

Sister M. EVANGELINE ANDERSON, O.S.B.,
President.

UNIVERSITY OF PORTLAND,
Portland, Oreg., April 2, 1964.

HON. VANCE HARTKE,
*U.S. Senator From Indiana,
U.S. Senate, Washington, D.C.*

DEAR SENATOR HARTKE: I have read with genuine interest your proposed college student assistance bill (S. 2490) and am writing to express my wholehearted support and endorsement for it.

In my opinion there can be no question regarding the fact that the increasing costs of higher education at both tax supported and private institutions are a deterrent to many highly qualified students. Even though as has been suggested, many ultimately will find their way into colleges and universities, still the loss and delay in productivity for our Nation is, I believe, a matter of genuine concern.

Here at the University of Portland, although we are a comparatively small institution with an enrollment of 1,700, we have provided this year, \$283,413.25 in student aid. This includes \$83,665 in National Defense Education Act loans. We have taxed our resources to the utmost to make this much available, and yet our records show that some 60 students had to drop out of school at the end of the first semester because of financial problems. They did not qualify for NDEA loans and our scholarship and other aid programs were unable to provide funds to assist them.

The need therefore for such assistance as you propose is unquestionable. Most important, in my opinion, is the complete program which your bill offers. I believe firmly in the principle that opportunities should be provided for those qualified to get an education: I do not believe in simply handing out funds. We follow the order of offering first of all work opportunities, then loans and in the last place grants in the event opportunity is not provided in the first two. I realize that a Federal scholarship grant program could not follow this order, but I am pleased to see that you have included the other two provisions. The individual institutions by judicious use of their funds could, with the help of your proposed program, work out such an arrangement if they wished. Student initiative can therefore be preserved as I would like to see it.

A further value in your proposed bill is the freedom of choice given to the student in the selection of his college. In my limited experience, I have seen how valuable it is in so many instances for the student to leave home to pursue his higher education.

Finally, as you point out, your program provides a genuine benefit to the student himself. The various tax rebate programs which were proposed did not in my opinion, sufficiently take into account the fact that a large percentage of men students are personally responsible for their educational expenses. Consequently the tax rebates proposed for parents would be of little value in meeting the needs of these students.

If it would be of assistance to the progress of your proposed bill, I would be happy to have this letter made a part of the hearing records.

Sincerely,

Rev. PAUL E. WALDSCHMIDT, C.S.C.,
President.

CHATHAM COLLEGE,
Pittsburgh, Pa., April 3, 1964.

HON. VANCE HARTKE,
*U.S. Senate,
Washington, D.C.*

DEAR SENATOR HARTKE: Thank you both for your recent letter with the information on S. 2490 as well as for your splendid leadership in attempting to bring order out of the present chaos of financial aid for students. We believe

that your bill has great merit. In particular we would like to voice our strong support for the provisions for undergraduate scholarships, long-term student loans and the student work-study program.

I would be happy if you would record our support as a part of the hearing record.

With best wishes,
Sincerely,

EDWARD D. EDDY, JR.

CENTRAL COLLEGE,
Pella, Iowa, April 2, 1964.

HON. VANCE HARTKE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HARTKE: I am in sympathy with the college student assistance bill, S. 2490, that you introduced to the Senate. The increase in the number of college age students in the next 6 years is phenomenal. Many of these young people will be denied an education unless they are given assistance. In a strong democracy it seems essential to me that education be provided to all of those who deserve and desire it.

Your bill is particularly attractive to the private colleges and universities. Today the private colleges as a group are stronger in academic quality than they have ever been before. They have the desire to serve the nation by educating their share of young people. I believe the public will demand educational opportunities for the youth of America, and the Federal Government and the several State legislatures will determine what kinds of institutions will provide that education. It will be difficult for the private colleges to maintain and improve their quality unless students will have the means to pay for education at such institutions. The private schools cannot compete with tax-supported institutions unless the State schools keep pace with private schools in tuition charges, and this is unlikely.

It would be unfortunate if many fine private colleges could no longer exist as good institutions because they could not find the means for support. Diversity in American education has been one of our great strengths. It also seems more economical for Government agencies to give aid to the student, who could then choose between private or State institutions. On that basis I believe the private colleges and universities can compete and America can save and strengthen an important part of its educational system, the private college.

Sincerely,

AREND D. LUBBERS, *President.*

OUR LADY OF CINCINNATI COLLEGE,
Cincinnati, Ohio, April 2, 1964.

HON. VANCE HARTKE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HARTKE: Thank you for sending me the data on the Hartke college student assistance bill, S. 2490.

Aid such as you describe to qualified and deserving college age students seems of extreme importance these days. We particularly like your proposal to earmark funds for institutions to employ students for academically related tasks. Profitable and meaningful employment means a lot to young people. It is one of the best ways of teaching them sound discipline and to impress on them the value of their education.

You may, if you wish, make this letter part of the hearing record dealing with your bill.

You have the good wishes of all here for the ultimate success of your bill.

Sincerely,

Sister MARY VIRGINIA, R.S.M.,
President.

IMMACULATE HEART COLLEGE,
Los Angeles, Calif., April 1, 1964.

HON. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: Thank you for forwarding the material on the college student assistance bill which was presented to the Senate by you. Although I had been in support of Senator Ribicoff's tax credit proposal, I agree that your scholarship plan has many advantages over his, and I have in conversation with our trustees and regents supported it. I will in the near future write to my Senators and Congressman, expressing support of this bill.

Very sincerely yours,

Sister MARY WILLIAM, I.H.M.,
President.

VASSAR COLLEGE,
Poughkeepsie, N.Y., April 2, 1964.

HON. VANCE HARTKE,
U.S. Senator From Indiana,
Senate Office Building, Washington, D.C.

MY DEAR SENATOR HARTKE: I have read the material you sent me in regard to your college student assistance bill, S. 2490, with the greatest interest. In my opinion, the passage of this bill would enormously broaden the base of educational opportunities for young people. There is no question of the necessity of making it financially possible for all young men and women of whatever race or creed to continue their education beyond high school if they have the intellectual potential and the motivation to pursue academic studies.

If this bill is passed, I can foresee that the pressure for admission to our colleges and universities would be increased. Many of our institutions of higher learning are already overcrowded and do not have the facilities to increase enrollment. Some are fearful of a watering down of quality if the number of students is substantially increased. Some colleges are already finding it difficult to find the highly qualified teachers and scholars needed as faculty members, especially in the sciences. This problem will continue until such time as faculty salaries can compete with industrial salaries.

I believe the excellent student assistance bill must be coupled with more college assistance bills to facilitate construction, purchase of equipment, library expansion, and the like. Existing colleges and universities will not be able to maintain standards and cope with the education of vastly increased numbers of college students. Encouragement must be given to the establishment of additional publicly and privately supported institutions of higher learning.

I am willing that my letter be made a part of the hearing record provided it is used in its entirety. I am not able to appear before the Education Subcommittee in person.

Yours sincerely,

SARAH GIBSON BLANDING.

UNIVERSITY OF MASSACHUSETTS,
Amherst, Mass., April 2, 1964.

Senator VANCE HARTKE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HARTKE: I would like to take this opportunity to express my thanks to you for sending me the material regarding the testimony which you presented on the Hartke college student assistance bill, S. 2490. This type of legislation which provides the young people of our Nation with a college education at the lowest possible cost is greatly needed if we are going to meet the ever-increasing demand for higher education from all segments of society. We are living in a time when education plays a vital, if not leading, part in national affairs. Any investment in the educational goals of the citizenry will pay dividends for society as a whole.

We have moved from a concept of education for an elite group to one in which the individual should be given every opportunity to make use of his maximum capabilities regardless of his economic status. Legislation such as S. 2490 will guarantee that educational opportunities continue to exist for all our citizens

through varying methods of economic support and assistance such as student loans, work programs, and scholarships.

Again, my thanks for your information and also for your active support of higher education. Please feel free to use this letter as you wish.

Sincerely,

JOHN W. LEDERLE, *President.*

SOUTHWEST MISSOURI STATE COLLEGE,
Springfield, Mo., April 3, 1964.

HON. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: The free public elementary and secondary schools of America are the living fulfillment of Jefferson's dream. Certainly our public education system has played a major part in the evolution of the United States and the development of its human resources.

Today, with an increasing need for highly trained people, it is consistent with the principles of our society that we make a college education available to young people of ability in the lower economic levels of our society. The bill proposed by you (S. 2490) is an important step forward to assist in the education of young men and young women of limited financial resources.

Sincerely yours,

L. E. TRAYWICK.

CENTRAL WASHINGTON STATE COLLEGE,
Ellensburg, Wash., March 31, 1964.

HON. VANCE HARTKE,
U.S. Senator from Indiana,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HARTKE: I am very much in favor of the Hartke college assistance bill, S. 2490. You are to be complimented on developing this bill and upon your unusual understanding of the financial aid needs of students in our American colleges and universities.

The administrators and faculty members at this institution have been very much concerned that students are being priced out of education. This is just as true at State colleges and universities as it is in private institutions. Students should have available to them a multiple-purpose program of student financial assistance featuring a balance between loans, scholarships, and student employment activities. The Hartke bill fits this need.

I am circulating the excellent statement that you made to the Senate on February 25, 1964, to members of our faculty and administration. This statement carefully documents the needs and points out how imperative it is that the U.S. Congress takes immediate and positive action on your bill.

Sincerely yours,

JAMES E. BROOKS, *President.*

WESTERN WASHINGTON STATE COLLEGE,
Bellingham, Wash., April 2, 1964.

HON. VANCE HARTKE,
U.S. Senate, Congress of the United States,
Washington, D.C.

MY DEAR SENATOR HARTKE: We received your inquiry about the reaction of Western Washington State College to the Hartke college student assistance bill, S. 2490. A copy of the bill and supporting testimony has been forwarded to our financial aids officer for his analysis. It is his opinion, with which I concur, that the bill is excellent in that it is a comprehensive aid program providing a variety of kinds of financial assistance through scholarships, loans, and work support.

If there is any criticism at all, it would be against the direct Government loan portion and the extension of the National Defense Education Act loan provisions under the present format of disbursements and collections. It has been our early experience that to collect these loans requires a rather sophisticated

kind of collection machinery which banks and other lending agencies are equipped and experienced to perform. Continuation of this program would virtually require every participating college to establish a collection unit for these loans equal to that of a typical private lending agency. It is our belief that the college and the student would best be served with a loan program where the Federal Government would insure the loans to students through the regular commercial lending agencies at pegged low interest rates. The college could best serve the lending agency and the student by certifying his standing as a student, and to participate in the evaluation of his need. It has also been suggested that psychologically it is better to have a student owe money to a commercial lending agency rather than directly, or indirectly, to his Government or to his college.

With this modification, we feel that this bill is highly desirable, and will urge its support by our local Senators and Representative.

Sincerely yours,

JAMES L. JARRETT, *President.*

UNIVERSITY OF PENNSYLVANIA,
Philadelphia, April 3, 1964.

HON. VANCE HARTKE,
*Senate Office Building,
Washington, D.C.*

DEAR SENATOR HARTKE: The Association of American Colleges, in which the university is a participant, presented the views of its membership during testimony which was given in March before the Senate Education Subcommittee; and I would think that you will find the concerns and opinion of a representative group of institutions well presented in that material.

The concern which you have shown regarding higher education in this country is very much appreciated by all of us who share your wish that continuing appropriate measures be taken to help ensure a strong future for learning.

Very sincerely,

GAYLORD P. HARNWELL.

THE UNIVERSITY OF WYOMING,
Laramie, Wyo., April 1, 1964.

Senator VANCE HARTKE,
*U.S. Senate,
Washington, D.C.*

DEAR SENATOR HARTKE: Thank you for your recent letter and the enclosed information on the Hartke college student assistance bill, S. 2490.

I much prefer your bill over the Ribicoff proposal. I have discussed this with my colleagues and we are in full agreement concerning the provisions of your bill.

Sincerely yours,

G. D. HUMPHREY, *President.*

GODDARD COLLEGE,
Plainfield, Vt., April 3, 1964.

Senator VANCE HARTKE,
*Senate Office Building,
Washington, D.C.*

DEAR SENATOR HARTKE: Thank you for sending me the excerpt from the Congressional Record with a description of the Hartke College Student Assistance Act of 1965. The need for this type of legislation is urgent and very great. The chief weakness of your bill is that it does not provide enough money for undergraduate scholarships. Unfortunately, there is a serious weakness in awarding scholarships on a competitive basis. There is good reason to believe that the students who have been granted scholarships through the National Merit Scholarship competition would have gone to college without the scholarships. At the same time, there have been thousands who because of earlier cultural and educational disadvantages did not and could not secure high scores on examinations but who have the capacity for doing college work and for handling important jobs, but did not receive scholarship aid and did not go on to college. Surely in a democratic country we should be able to devise a way of distributing funds so that those who need them most in obtaining an

education can get the assistance they need. I would urge, therefore, that you give serious consideration to revising the undergraduate scholarship section of your bill.

I shall look forward to receiving your comments.

Sincerely yours,

ROYCE S. PITKIN, *President.*

THE CITY COLLEGE OF THE CITY UNIVERSITY OF NEW YORK,
New York, N.Y., April 2, 1964.

Hon. VANCE HARTKE,
Senator, U.S. Senate,
Washington, D.C.

MY DEAR SENATOR HARTKE: I write to support the Hartke college student assistance bill, S. 2490, and hope that my support will become part of the hearings record on this bill.

In 1949, as an Assistant Commissioner in the Office of Education, it was my responsibility to direct the development and refinement of a proposed program of Federal scholarships. That program only got as far as the hearings stage in the House and was never acted upon by Congress. Nevertheless, the seed ideas were incorporated in the merit scholarship program later launched by the Ford Foundation; and this program is today the outstanding example of national leadership in the field of higher education. The only real shortcoming of that program is that it is too small to be effective in reaching those who most need help. A federally sponsored and funded program is the only answer.

S. 2490 picks up where these earlier efforts to establish a Federal scholarship program left off. It advances in scope and conception over the earlier proposals are carefully conceived and soundly laid out. Its program is needed—desperately needed. And it is needed now.

Sincerely,

BUELL G. GALLAGHER, *President.*

TEXAS TECHNOLOGICAL COLLEGE,
Lubbock, Tex., March 31, 1964.

Hon. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: I certainly favor your bill S. 2490 over any other proposal for financial assistance to college students.

As of this date for this academic year this college has processed 667 loans of all kinds to students and this number will increase if additional funds become available. However, there are two aspects of the National Defense Education Act loans which are proving a handicap to us. The necessary provision of the one-ninth matching fund is becoming difficult to meet. Other loan funds we have are rather specific in their nature and cannot be used to supplement National Defense Education Act funds. If this college is to continue much longer in the making of such loans the one-ninth feature must be eliminated.

A second serious handicap lies in the failure of Federal funds to provide for administrative costs of the program to the college. As the number of these loans increases and when collections really begin to come in these costs will spiral geometrically. Provision should be made to reimburse the colleges for these expenses.

Due to rapid increases in enrollments colleges such as this one are finding it most difficult to meet operating expenses. It is our purpose to offer educational opportunities to all qualified who apply and I believe that is the purpose of your bill, but we need all the financial support obtainable if we are to continue this practice.

Respectfully yours,

R. C. GOODWIN, *President.*

GONZAGA UNIVERSITY,
Spokane, Wash., April 1, 1964.

Senator VANCE HARTKE,
U.S. Senate Office Building,
Washington, D.C.

DEAR SENATOR HARTKE: Regarding the Hartke college student assistance bill, S. 2490, you have my loyal support for your stand.

Thank you for the copy of the testimony and for taking time to write me.

Sincerely,

JOHN P. LEARY, S.J., *President.*

URSULINE COLLEGE,
Louisville, Ky., April 10, 1964.

HON. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

MY DEAR SENATOR HARTKE: I am very happy to respond to your invitation to comment on the proposed Hartke bill.

The Ursuline College Board of Overseers, as well as the administration of Ursuline College, has made its interest in the Ribicoff proposal known to our Senators and Senator Ribicoff. We feel that such a measure would be of immeasurable benefit to private education.

At the same time, the legislation outlined by the Hartke bill will also be of benefit to private education, as it affects a total scope of higher education.

It is my personal conviction that the bills are not in conflict. Several features of the Hartke bill are very attractive to me; not the least of which is the use of private capital for the bill.

In an economic structure which is based upon free enterprise, certainly private education is an outstanding example of that enterprise and should make known its stand in favor of normal financing channels within the structure of private and free enterprise. This is not a contradiction of our earlier stand in favor of the Ribicoff proposal.

The obvious use of semantics is, while not immediately discernible to many, of great importance to those of us who must live and deal with the philosophical consideration of education, and, when that consideration is that education is an investment rather than a burden, I must concur.

The other feature of the Hartke bill which appeals to me is that all income groups could benefit, thereby providing capital for the financing of college education to those who come from situations in which affluent net assets are not available for the critical eye of bank loan officers.

The actual aid to the student is an admirable feature, providing enough funds for the student to devote himself fully to academic pursuits. Once again, this does not negate the value of tax credit relief to the parent who elects to enter a child in a system of private education.

I shall be watching the progress of the Hartke bill with great interest.

Best wishes for continued success, and certainly know that, while differences of opinion may arise on specific points, administrators of private educational centers are grateful for the time and interest which you are giving to a very critical need in these days.

Sincerely,

Sister M. ANGELICE, O.S.C.,
Acting President.

SOUTHERN ILLINOIS UNIVERSITY,
Carbondale, Ill., April 10, 1964.

HON. VANCE HARTKE,
U.S. Senator,
Senate Office Building, Washington, D.C.

DEAR SENATOR HARTKE: I wish to express my unqualified support for the Hartke college student assistance bill, S. 2490. I believe that it is vital that the matter of financial inability be removed as a barrier for all young people who can profit by attendance at an institution of higher education. Our firsthand experience with this matter in certain economically distressed areas in southern Illinois makes us sensitive to the problem and appreciative of the direct attack that the Hartke bill makes upon it.

Please feel free to make this letter a part of the committee hearing record. If it would be helpful for me or my personal representative to appear in behalf of this bill or if I can be of any further service, please call on me.

Very sincerely yours,

DELYTE W. MORRIS, *President.*

HENRY FORD COMMUNITY COLLEGE,
Dearborn, Mich., April 9, 1964.

Senator VANCE HARTKE,
U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: I am greatly impressed by the bill which was introduced and hope to see it move forward to passage. I am particularly impressed by certain sections of it, mainly that having to do with student loans and the guarantee thereof and the work-study program. I am deeply concerned with the lot of the rather mediocre student who so often cannot qualify for scholarship grants. These people need an opportunity, too, and many can pursue higher education with success and find their place in the world. An opportunity to earn money while they are students or to receive loans that are not based on high scholarship, to me, are very strong features of the bill.

I would be very pleased to have this letter made a part of the hearing record. I have returned from the annual meeting of the American Association of Junior Colleges and I wish that we had passed a resolution favoring your bill, although I do know a number of my colleagues at this meeting were very much in favor of it.

Very sincerely,

FRED ESHLEMAN, *Dean.*

DUQUESNE UNIVERSITY,
Pittsburgh, Pa., April 10, 1964.

Hon. VANCE HARTKE,
*Senate Office Building,
Washington, D.C.*

DEAR SENATOR HARTKE: We would like to acknowledge and thank you for your recent communication with reference to the Hartke college student assistant bill, S. 2490.

Duquesne University is an urban school located in the downtown section of Pittsburgh with a student body, at the present time, of 6,454 students. Over 50 percent of our students are obliged to find part-time jobs in order to help pay their 4- or 5-year tuition. We are constantly besieged with requests from these students asking us what kind of Federal assistance might be available with and without scholarship aid. Through our admissions and registration departments we know that there are untold numbers of students who are presently being deprived of a needed education because of the inability to procure financial assistance.

We have studied the Hartke college student assistance bill, S. 2490 and we believe that if Congress were to approve this bill that it would solve a major problem for the deserving youth of this area.

Duquesne University would like to go on record with you and your senatorial conferees that we endorse the Hartke bill.

I would like to request that you make this letter a part of the hearing record.

Sincerely yours,

(Rev.) HENRY J. McANULTY, C.S.Sp.,
President.

UNIVERSITY OF HARTFORD,
Hartford, Conn., April 10, 1964.

Hon. VANCE HARTKE,
U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: Thank you for sending me a copy of your testimony on the Hartke college student assistance bill, S. 2490.

I am very much in favor of your measure and hope that it will prevail. I have written our Senators and Congressmen from Connecticut to this effect and trust that they will join you in your effort to solve what has been an increasingly difficult problem for both college and parents for a decade or more.

I remember the old NYA program prior to World War II. I felt that many students who attended this institution received help through their work to pay for room, board, books, and tuition. I am confident that some could not have undertaken their college studies without this modest program.

If anything, it seems to me that your requests are too modest. It would be desirable if something substantial could be done both to help the students and the colleges to which they are going. This applies particularly to the independent colleges who must divert funds from their endowment and gifts for current expenses to provide the education for each student helped.

I hope that something really significant will be done by this Congress and I am pleased that you have introduced this measure.

Sincerely,

ALAN S. WILSON,
Vice Chancellor for Administration.

WESTERN ILLINOIS UNIVERSITY,
Macomb, Ill., April 10, 1964.

Senator VANCE HARTKE,
U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: The president of Western Illinois University, Dr. A. L. Knoblauch, forwarded to me a copy of the Congressional Record of Tuesday, February 4, 1964, containing your remarks, and I congratulate you, sir, on an excellent presentation for your bill, which I believe to be the most comprehensive of any offered to the Congress of the United States. I do not believe that anything has been left to chance and further feel that any qualified student would have the opportunity of attending an institution of higher learning if this bill is enacted.

If there is any way that I may or can be of assistance in the preparation of this legislation, I would be most happy to do so.

Yours very truly,

HERMAN R. KOESTER,
Financial Aids Officer.

WHEELOCK COLLEGE,
Boston, Mass., April 2, 1964.

HON. VANCE HARTKE,
*U.S. Senator,
U.S. Senate, Washington, D.C.*

MY DEAR SENATOR HARTKE: I have reviewed the Hartke college student aid bill and wish to commend you on a highly enlightened piece of legislation. Certainly it is superior to any bill that I have seen within the last 2 years.

If there is anything that I might do to support you and your efforts please do not hesitate to let me know.

Very truly yours,

JAMES E. CONNER, *President.*

CHOWAN COLLEGE,
Murfreesboro, N.C., April 2, 1964.

Re S. 2490.

Senator VANCE HARTKE,
U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: In the Congressional Record of February 4, 1964, I have read the details of Senate bill 2490 introduced by you involving higher education student assistance.

I wish it were possible for me to appear before the Education Subcommittee, but in the absence of my being able to do so, I request that my letter be made a part of the hearing record.

I endorse your program, primarily because it provides Government aid to students who most need it and to students, at that, who are willing to help themselves. The limited number of scholarships for talented needy students are not objectionable but rather desirable. On the other hand, your basic program as I understand it, is in the form of loans, student work programs, the guarantee by the Government of student loans from banks and others, and an extension of National Defense Education Act assistance.

This bill is equitable and in the national interest. It has my support and I hope it will be, in substance at least, signed into law and appropriate appropriations made to implement it.

Very sincerely yours,

BRUCE E. WHITAKER, *President.*

MURRAY STATE COLLEGE,
Murray, Ky., March 30, 1964.

HON. VANCE HARTKE,
U.S. Senator From Indiana,
Senate Office Building, Washington, D.C.

DEAR SENATOR HARTKE: Thank you for your recent communication and for the information on the college student assistance bill, S. 2490. This bill would be most helpful. We find that the national defense student loan program has been exceedingly helpful.

Since the demand for college-trained people continues to grow I am grateful to you for your interest in making it possible for more and more young people to avail themselves of college opportunities.

Sincerely yours,

R. H. WOODS, *President.*

NORTHEASTERN STATE COLLEGE,
Tahlequah, Okla., March 31, 1964.

HON. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: Congratulations are due you on the efforts you are taking toward providing higher educational opportunities for needy students through your Hartke college assistance bill, S. 2490.

Every week I have a large number of requests from needy students for financial assistance in attending school. It is my feeling that any amount of money the Federal Government allocates to educating its citizens, especially its immediate high school graduates, will return to the people at least fourfold in the future. I do hope Congress sees fit to adopt your proposal.

Concerning the loan feature of the bill, I suggest that there be provisions for requiring students to repay the loans. Present National Defense Education Act loan policies cause some students to feel that it is not necessary to repay the loans since there are no cosigners and since there are no provisions for requiring payment.

Very sincerely yours,

HARRELL E. GARRISON, *President.*

NAZARETH COLLEGE,
Nazareth, Mich., March 30, 1964.

Senator VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: I am very much pleased with your efforts on behalf of education and I hopefully look forward to the successful passing of your bill, S. 2490.

Though Nazareth College is a small private college, it yearly faces the problem of not admitting talented young women because they lack funds.

It is much easier for young men to work their way through college. In our present age when college education is as essential for women as it is for men, some form of student assistance is desperately needed.

I think you have done an excellent job in preparing a solution to this desperate need, Senator, and I hope that your colleagues will honor your wisdom by voting favorably on this bill.

If you care to use my letter as part of the hearing record, I would certainly be honored.

Sincerely,

SISTER M. VERONA, S.S.J., *President.*

NORWICH UNIVERSITY,
Northfield, Vt., March 31, 1964.

HON. VANCE HARTKE,
U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: It is my opinion that your version of the college assistance bill, S. 2490, would provide the assistance to many of our needy and well-qualified youth which would enable them to get a college degree they would otherwise be unable to acquire.

This form of direct assistance to the individual student is vastly more effective than other more indirect methods such as relief from Federal income taxes.

All parties concerned will benefit from this direct approach, since colleges would not be encouraged to raise tuitions nor would the badly needed tax revenue be denied the Federal Government. Furthermore, the assistance would be where needed, the highly qualified student who does not have the financial ability to acquire a college degree.

Would you please make my position on your bill a part of the hearing record on S. 2490.

Sincerely yours,

E. N. HARMON,
Major General, U.S. Army (Retired), President.

ANNA MARIA COLLEGE,
Paxton, Mass., March 30, 1964.

HON. VANCE HARTKE,
U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: I examined the Hartke college student assistance bill, S. 2490, and compared it with the Ribicoff bill which would have provided tax credit to parents and I find that the provisions of the new bill are far superior.

It has my support especially because it encourages tuition fees to remain lower; it provides assistance to families regardless of size; it uses private capital rather than tax money.

Sincerely,

Sister IRENE MARIE, S.S.A.,¹
President.

By (Mrs.) KATHERINE E. BOUDREAU.

BEREA COLLEGE,
Berea, Ky., March 30, 1964.

Senator VANCE HARTKE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HARTKE: I've read with much interest of the bill (S. 2490), known as the Higher Education Student Assistance Act of 1965, which you have recently introduced in the Senate.

This bill aims to provide assistance at some very difficult points in American higher education. You are to be congratulated on introducing it and I wish you success in getting it enacted and financed.

Sincerely yours,

LOUIS SMITH.

JUNIATA COLLEGE,
Huntingdon, Pa., March 31, 1964.

HON. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: I appreciated receiving a copy of the testimony which you presented on the college student assistance bill, S. 2490. Father Bunn gave testimony last week before your committee on behalf of the Association of American Colleges. As chairman of the Commission on Legislation of the Association of American Colleges I very much support the purposes of S. 2490. You will recall from the testimony that the majority of the members of the association of American Colleges support the Hartke bill. We do have certain concerns about the details and administration of the bill which were mentioned in Father

¹ Dictated by the president and signed in her absence.

Bunn's testimony. We do want you to know, however, that we sincerely appreciate your interest in behalf of the young people of our country who will be looking for the opportunities of higher education.

We know that the Senate of the United States will give serious consideration to making a college education possible for those who are qualified but are prevented by financial limitations.

Sincerely yours,

CALVERT N. ELLIS, *President.*

GRINNELL COLLEGE,
Grinnell, Iowa, March 30, 1964.

Senator VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: In a democratic society and in an economically progressive society, higher education should be available to all qualified persons regardless of financial ability. The college student assistance bill, S. 2490, provides a sensible, practicable, and economical approach to the broadening of educational opportunity.

Yours sincerely,

HOWARD R. BOWEN.

ST. JOSEPH'S COLLEGE,
Philadelphia, Pa., March 17, 1964.

Senator VANCE HARTKE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: I should like to offer my congratulations on the excellent presentation which you made in the Congressional Record of February 25, 1964, in behalf of the Hartke college student aid bill. Your office was good enough to send us a copy of your remarks, and I found your statement to be a thoughtful and clear exposition of a national problem.

Sincerely,

Rev. DANIEL J. LEAHY, S.J., *Treasurer.*

BALL STATE TEACHERS COLLEGE,
Muncie, Ind., February 25, 1964.

Senator VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: May I congratulate you for introducing the college assistance bill. Certainly no student should be denied a college education due to a lack of funds. At Ball State over half of our students work to pay part or all of their way through college. Few weeks pass that some students do not come into my office to discuss methods of obtaining funds to stay in school.

Mr. Marion Clawson called me for my reaction to the college bill and I decided to write to you. I am sure that many professors agree with my favorable views toward your college assistance bill.

Sincerely,

EVERETT W. FERRILL,
Professor of History.

VINCENNES UNIVERSITY,
VINCENNES UNIVERSITY JUNIOR COLLEGE,

Hon. VANCE HARTKE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HARTKE: Thank you for your letter of February 15. I have now had opportunity to review the details of your bill and I must confess I am inclined to agree with you on the tax clause.

I can go along with your bill with the exception of undergraduate scholarships. The student loans, the educational loan insurance, and the student work-study program seem entirely in order.

I suspect I have written you before regarding my attitude toward undergraduate scholarships. In the first place they are unfair. Why should one student receive a loan and another student an outright scholarship grant.

Furthermore, the business of selecting students on the basis of academic promise is obviously becoming increasingly difficult. You cannot tell which student is going to produce in the years ahead or which student is going to make the largest contribution. A good many studies of "A" students indicate that they are not the most creative personalities as they develop.

It is extremely difficult to be absolutely sure that you are giving money to students who really need assistance. After you have worked in this field as long as I, you will realize that even bankers and trusted financial officers misinterpret the financial income of families and their general financial capacity.

Loans and work-study programs—yes; scholarships—no. I am sorry.

Very truly yours,

ISAAC K. BECKES, *President.*

INDIANA UNIVERSITY GRADUATE SCHOOL OF BUSINESS,
Bloomington, Ind., April 17, 1964.

HON. VANCE HARTKE,
*Senate Office Building,
Washington, D.C.*

DEAR VANCE: You are certainly on the right track when you expose the high-rate lenders who are muscling in the college loan business.

It should be quite obvious that when the high-rate small-loan or finance company moves into this field, a big void must exist. They just aren't interested in loaning money at reasonable rates. What all of us should be concerned with is the reason for the big void. Why aren't more respectable lenders in this field?

We have developed in this country a \$100 billion savings and loan business with exceedingly limited powers of investment. Many associations now seem to be getting in trouble because they have more money to invest than good loan opportunities. What would be a better solution to these two problems than authorizing savings and loan associations to make college loans? And perhaps a good way to get them started into this business would be to have a Federal loan insurance program something like FHA title I, where the lender assumes enough of the risk to make sure he does a good job of credit analysis in the first instance and a good job of loan administration and collection in the second.

* * * * *

But to get back to the main point, there just isn't any reason why families should have to pay more than 6 percent simple interest on loans of this type. The way to get at the high-rate lender is to get other people into the field.

Sincerely yours,

EDWARD E. EDWARDS.

MASSACHUSETTS INSTITUTE OF TECHNOLOGY,
Cambridge, Mass., April 21, 1964.

HON. VANCE HARTKE,
*U.S. Senate,
Washington, D.C.*

DEAR SENATOR HARTKE: I have read with much care your letter and the attached supporting material concerning your higher education student assistance bill. While I am not prepared to discuss specific details of the bill without further study, in principle the bill has my strong support. The Massachusetts Institute of Technology has a longstanding policy of making every conceivable effort to provide financial aid in order that our type of education may be available to students from all economic levels. Your proposed program of Federal scholarships, expanded defense loans, work study opportunities, and guaranteed college commercial loans will do much to enable American higher education to meet this exceedingly important objective.

I shall follow S. 2490 with the closest attention and would be pleased to have this letter made a part of the hearing record.

Very truly yours,

J. A. STRATTON, *President.*

DEPAUW UNIVERSITY,
Greencastle, Ind., April 3, 1964.

HON. VANCE HARTKE,
U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: It was thoughtful of you to send complete information about S. 2490 which you recently introduced. Let me add, too, my deep appreciation for your concern that steps be taken to focus attention upon financial challenges facing higher education.

You invited constructive comment about your bill, and I know you will accept my remarks in the spirit in which they are offered; we all do share a mutual interest. Senate bill 2490 would, unquestionably, expand educational opportunities for indigent young people, but two reservations come to mind. While financial aid would be granted liberally to prospective students, nothing in your bill would encourage a growth in financial resources of the colleges, themselves—resources urgently needed for construction, scholarships, salaries, equipment, faculty improvement, etc. Also, if it is at all possible to achieve a student assistance program without direct grants from Government, I think this would be preferred by a majority of educators.

At this point, of course, a question of judgment about the best alternatives enters in, and it is obvious that many divergent, but highly respected points of view exist. In view of the exhaustive study you have made, I know that none of what follows will be new to you. Nevertheless, these thoughts represent an approach toward solving some of our problems which I heartily would favor, and which has received endorsement from scores of educators and laymen. At the risk of being repetitive, let me expand upon advantages of the gift tax credit philosophy.

1. The principle of encouraging philanthropy by granting tax deductions already is well established. Granting a limited tax credit would be but an extension of an already universally accepted and approved technique.

2. Funds would be funneled directly to educational institutions, eliminating the need for any new administrative organizations, and letting the dollar work at full value.

3. Though it is impossible to predict accurately what such a program would mean for higher education, it seems logical to assume that the response would be immediate and substantial. It would be necessary, of course, to study carefully the size of the tax credit to make sure that the job gets done without depleting tax revenues beyond what the Government feels could safely be channeled to higher education. The beginning could be modest; a tax credit of \$50 might meet the need. If the experience of the first year proved this amount inadequate, the credit could be adjusted accordingly. When (and if), the educational crisis is met, the program easily could be terminated. There would be no administrative personnel to be released.

4. Educational institutions still would be required to earn the potential tax credit funds by demonstrating to alumni, parents, corporations, and other friends that their programs warranted support. A gift tax credit would stimulate and reward excellence.

5. The involvement of individuals in direct giving likely would stimulate even greater private support.

6. Funds received in this manner could be used by colleges and universities for any purposes which they felt to be most urgent. Undoubtedly, a good share of such funds would be placed in endowments for scholarship and loan purposes. Not only is this considered desirable, but most private institutions would consider it absolutely essential.

7. Eligible institutions would be those which now are able to accept gifts on a tax deductible basis. This includes the vast majority of both private and public institutions.

8. There would be no possibility of Federal direction relative to use of funds, and opposition to Federal aid predicated upon the "danger of Federal control" should disappear.

9. The church-state issue would be minimized—or even eliminated.

The only strong objection I have heard relative to the gift tax credit approach is that tax credit legislation offered to education would trigger pressure for similar legislation for churches, hospitals, etc. This is conceivable, but it would be no more logical than such groups pressing for "Federal aid to churches, hospitals, etc.," because such a Federal aid program was created for education.

The important point is that education has been acknowledged as demanding special attention. What, then, is the quickest, most efficient, least controversial

and adequate assistance which can be created? For me, and for many of my colleagues, the gift tax credit remains as the most satisfactory solution.

Most cordially yours,

WILLIAM E. KERSTETER,
President of the University.

P.S.—I would appreciate your including this letter as a part of the hearing record.

Senator MORSE. I further direct that sundry letters received by the chairman of the subcommittee on the bill, be printed at this point in the record.

DELTA COLLEGE,
University Center, Mich., April 22, 1964.

Senator WAYNE MORSE,
*Chairman of Senate Committee on Education,
Senate Office Building, Washington, D.C.*

DEAR SENATOR MORSE: As director of cooperative education at Delta College I would like to urge your support of the amendment which is named "Student Work-Study Cooperative Education Programs at Institutions of Higher Learning," which would be added to Senate bill 2490 now pending before the Senate.

The growth of the popularity of cooperative education has led to more of our institutions of higher learning being poorly manned because of financial reasons. This amendment would help the schools now having cooperative education to train externs for coordinators, and these externs would be qualified to go into other institutions of higher learning and set up cooperative education programs.

I have received information from George E. Probst, executive director of the National Commission for Cooperative Education, and I know that he and Dr. Tyler have sent you materials in support of this bill so I need not say any more.

Sincerely,

PALMER B. KERN,
Cooperative Education Director.

MARQUETTE UNIVERSITY,
OFFICE OF THE PRESIDENT,
Milwaukee, Wis., April 25, 1964.

Hon. WAYNE MORSE,
*U.S. Senate,
Washington, D.C.*

DEAR SENATOR MORSE: The College of Engineering, Marquette University, instituted a student work-study cooperative education program in 1919. This program has been an increasingly important aspect of our engineering education efforts for the past 45 years.

Through participation in a well-planned cooperative work program the engineering student frequently experiences a dramatic increase in professional motivation and a marked improvement in academic performance. He matures considerably in his ability to meet and work with people. At all times the salary realized in a cooperative program brings the cost of an engineering education, especially at a private university, within the reach of many more excellent students who would not otherwise be able to afford such education.

I am very happy to have the opportunity to present to you these observations in support of the proposed student work-study cooperative education programs amendment to S. 2490 pending before the U.S. Senate.

Sincerely,

WILLIAM F. KELLEY, S.J.

UNIVERSITY OF ALABAMA,
University, Ala., March 18, 1964.

Hon. WAYNE MORSE,
*Chairman, Subcommittee on Education,
U.S. Senate, Washington, D.C.*

DEAR SENATOR MORSE: I want to take this means to indicate my strong support of the proposal of the National Commission for Cooperative Education for annual assistance of \$3½ million to universities and colleges over the next few years for extension of programs of work-study cooperative education.

Such programs provides a major and sensible opportunity for college attendance by high school graduates unable to further their education because of lack of means. It is our impression at the University of Alabama that the education the cooperative student receives is superior because his program is related directly to its purpose. In the fields of science and technology, in particular, it is impossible for colleges and universities to provide realistic education without using through cooperative education, or unnecessarily duplicating, major facilities owned by government and industry.

These and other points were made to you in a statement presented to the Subcommittee on Education by Dr. Alex S. Pow, vice president for institutional development, University of Alabama, on March 11. Dr. Pow's statement is a clear presentation of the University of Alabama position and thoughts on this matter.

I hope that it will be possible for you to be instrumental in providing the support proposed by the National Commission for Cooperative Education, and I hope that you will call upon me if there is any way in which I can assist this effort.

Sincerely yours,

FRANK A. ROSE, *President.*

UNION COLLEGE,
Schenectady, N.Y., March 3, 1964.

Hon. WAYNE MORSE,
*Chairman, Senate Subcommittee on Education,
U.S. Senate, Washington, D.C.*

MY DEAR SENATOR MORSE: I have just read a copy of S. 2490, which was introduced by Senator Hartke and is now before your subcommittee.

On page 14 of the bill reference is made to "need" for financial assistance, but then the bill goes on to say that "need shall be determined without regard to tuition, fees, and other expenses of attendance at the particular institution of higher education chosen by the individual." In my opinion, and in the opinion of literally hundreds of financial aid officers, the need for financial aid cannot be determined unless the cost of attending a particular college is considered. Certainly, the "need" of a student at a college with a normal budget of \$1,000 will be considerably less than that of a student at a college with costs totaling \$2,000. Is there no way in which the determination of true need can be incorporated in this legislation? Moreover, perhaps tuition and fees should be excluded when determining the need of a student and only room, board, books, and reasonable allowance for personal items should be included. In this way Federal money would not be allowed to go to pay the tuition at high tuition colleges, of which Union College is one. If this scheme were followed, the student could attend a public college with little additional aid necessary or he could arrange to attend a private college with aid that came to him from private sources, including the college or from himself. Mr. John F. Morse, associated with the American Council on Education and formerly vice president at Rensselaer Polytechnic Institute and sometimes a consultant to Representative Edith Green, proposed this scheme for awarding Federal scholarship stipends some years ago, and I am sure he would be glad to expand on my brief comments.

On page 20 of the bill begins a long listing of the conditions of indebtedness that must be in effect before a loan may be insured. Unfortunately, although it is obvious the conditions outlined are essentially those of the national defense student loan program, these conditions prohibit loans which are made under more realistic conditions; namely, those requiring monthly payments beginning less than 1 year after the completion of full-time studies. One of the worst features of the NDSL program is the prohibition of mandatory monthly payment arrangements, and another is allowing a student to have 2 full years before payment of principal and interest is required. The colleges run a great risk of losing contact with a man over a 2-year period; our population is too mobile to permit us to maintain contact with all our alumni when they are allowed 2 years to get lost. Would it be possible to liberalize the provisions of this section of the bill?

I am convinced that the intention of S. 2490 is, in every respect, to aid youngsters to go to college, and I certainly applaud this evidence of concern for the thousands of needy students who now do not go to college or who find it very diffi-

cult to achieve a college degree. Therefore, please receive my comments and suggestions as being completely constructive in their intent.

Sincerely yours,

CALVIN G. SCHMIDT,
Director of Student Aid.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF EDUCATION,
Washington, D.C., March 26, 1964.

Hon. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORSE: Thank you for your request to comment on the points raised by Mr. Calvin G. Schmidt, director of student aid at Union College, N.Y., in his letter of March 3 to you.

As the reports issued by the special Advisory Committee on Federal Financial Aid Programs of the College Board in 1962 indicate, there are a number of ways by which scholarship stipends may be related to factors other than the cost of attending college. One such idea is the \$800 maximum figure less the amount of income tax paid by the parents of the recipient. Here only the most impoverished student who comes from a family which paid no income tax whatsoever, would receive a maximum scholarship award of \$800.

The State of New Jersey has operated a scholarship program since 1959, with a restriction on setting stipends similar to that proposed in S. 2490. The system employed in New Jersey ties the amount of the award to parental income and number of dependent children.

Since the scholarship program contemplated in S. 2490 is based upon a statewide competitive selection process, presumably the award of a scholarship would precede other types of financial aid offers from institutions themselves. Thus, if the award is in fact based upon some measure of a family support, it can be looked upon as a foundation award to which other forms of assistance may be added depending upon the educational cost at the institution selected by the award winner.

Mr. Schmidt's second point, with respect to the payment conditions in both the existing National Defense Education Act program and the guaranteed loan program proposed under S. 2490 is one commonly raised by college financial aid and business personnel. This is especially true as repayment experience has mounted in all 1,500 participating institutions. In our view, one of the reasons the National Defense Education Act loan program has been so widely accepted is the provision for long-term repayment schedules. While the institution must obviously maintain contact with the borrower over an extended period of time, such activity is typical of active alumni relations in most colleges and universities. While it is true, that monthly payment schedules may not be made mandatory, a number of colleges have worked out effective monthly or quarterly payment plans. A case in point is the State University of New York, which employs a monthly payment system in each of the nearly 30 colleges.

Even though the average National Defense Education Act loan is still only \$500 per college year, those students who are now graduating with debts in excess of this average should be accorded the extended repayment period provided in the statute. If the colleges continue to indicate that individual repayment programs should commence earlier than at the end of the second year out of school, and if continuing analysis of the national collection experience points toward the same end, we may wish to consider technical changes in the National Defense Education Act repayment language.

Sincerely yours,

FRANCIS KEPPEL,
U.S. Commissioner of Education.

U.S. SENATE,
Washington, D.C., February 27, 1964.

Hon. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR WAYNE: The attached letter from Dean Earnest Brandenburg, of Washington University, re part-time students and their problems incident to the National Defense Education Act speaks for itself.

Would you be good enough to send me your thoughts on this important matter so in turn I could relay them to the dean?

My warm regards.

Sincerely,

STUART SYMINGTON.

WASHINGTON UNIVERSITY,
St. Louis, Mo., February 24, 1964.

HON. STUART S. SYMINGTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR SYMINGTON: I understand that the Subcommittee on Education chaired by Senator Wayne Morse is planning hearings on various proposals for student financial assistance, including federally insured student loans. As dean of the adult education program at Washington University and also as the current president of the Association of University Evening Colleges, I have noted with approval your concern for education. I very much hope that you will exert your influence toward helping to meet the serious needs today of part-time students in colleges and universities.

Unfortunately, the National Defense Education Act did not include part-time students. Yet, most conservative estimates indicate that far more than 1 million students in the United States are now studying for college degrees on a part-time basis; it is generally agreed that part-time students represent more than 30 percent of the total undergraduate population. Many of these part-time students desperately need the kind of loan assistance which colleges and universities are incapable of providing with their own resources.

The U.S. Office of Education defines a full-time schedule as 12 semester hours of work; approximately 50 percent of the part-time students in the 155 member institutions of the Association of University Evening Colleges carry 6 semester units—one-half of a full-time schedule. If a 6 semester units (hours) load were made the minimum qualification for loan insurance, the benefits to higher education and to the encouragement of adults who were unable to complete their bachelor's degrees before beginning to earn a living would be enhanced tremendously.

I urge you, Senator Symington, to give favorable consideration to the important contribution which could be made to the Nation's welfare by making it possible for part-time students to share in proposals for students loan insurance.

Most sincerely,

EARNEST BRANDENBURG, *Dean.*

APRIL 14, 1964.

HON. HARRISON A. WILLIAMS, JR.,
U.S. Senate, Washington, D.C.

DEAR SENATOR WILLIAMS: I very much appreciated your thoughtfulness in providing the subcommittee with the comments of Dean Ernest E. McMahon, of Rutgers University, in behalf of the inclusion of the part-time student within the title II National Defense Education Act student loan program.

Much interest has been expressed to the subcommittee on such a proposal and I shall be most pleased to bring to the attention of my colleagues on the subcommittee Dean McMahon's letter through its inclusion in our hearing record on S. 2490.

With kindest regards.

Sincerely,

WAYNE MORSE,
Chairman, Education Subcommittee.

RUTGERS UNIVERSITY,
New Brunswick, N.J., February 21, 1964.

HON. HARRISON A. WILLIAMS,
Senate Office Building,
Washington, D.C.

DEAR PETE: I understand that the Senate Subcommittee on Education is going to be having hearings shortly on various proposals for student financial assistance. One of the problems which has disturbed me in connection with the financial assistance program has been the denial of loan funds to part-time students. There are about 400,000 students enrolled in part-time evening pro-

grams in member institutions of the Association of University Evening Colleges, and general information indicates that about 30 percent of the total undergraduate population consists of part-time students in the United States; 1.28 million in a total of 4.2 million.

The Association of University Evening Colleges furnished data concerning the need to extend eligibility for student loans and for student loan insurance at the hearings last year, and the data are printed in hearings of the subcommittee, volume II, May 14-17, 1963, pages 635-642.

I write you in an altruistic vein because Rutgers is among the very few evening colleges which has loan funds available for part-time students. We are in such a position because of the generosity of our alumni who contribute annually to a scholarship fund. However, I am sure that there are other students, unaware of our scholarship funds, who might apply for admission if they knew that financial assistance was possible.

It is a fallacy to assume that the evening student has adequate funds for his education. Although most of our students are employed persons, they have family obligations which frequently keep them under financial stress for long periods of time. The lack of a degree, despite personal ability, frequently prevents promotion to a better paying job and, conversely, the circle is closed because they cannot finance the necessary part-time study to earn the degree to qualify for promotion.

It is my hope that you will think favorably of the extension of the loans to part-time students and will indicate your favorable sentiment at any appropriate time.

Cordially,

ERNEST E. McMAHON.

TUSKEGEE INSTITUTE,
Tuskegee, Ala., April 2, 1964.

HON. WAYNE MORSE,
*Chairman, Committee on Education, Committee on Labor and Public Welfare,
U.S. Senate, Washington, D.C.*

DEAR SENATOR MORSE: Tuskegee Institute has always been vitally concerned with expanding the opportunities for Negro students to participate in higher education. One of our longstanding traditions has been a work-study opportunity program to stimulate greater motivation among the students, to enrich their backgrounds and to provide these students with the opportunity to earn adequate funds to complete their education.

Current Federal legislation on higher education, particularly as it applies to the cooperative education, presents one of the most constructive efforts to expand educational opportunities currently denied many worthy students. The cooperative education program offers many documented advantages, frequently the only opportunity for young men and women to receive higher education.

Cooperative education has additional unique benefits for Negro students. It develops greater maturity inherent in the balanced work-study experience and remedial aspects for those from the culturally deprived backgrounds. The financial aid provided by the cooperative education will enable countless students, currently denied educational opportunities, to earn their position in the society.

For many institutions striving to adopt a cooperative education program, the heavy burden of additional personnel and facilities needed to handle these programs is prohibitive without material assistance at the national level. We hope the proposed legislature may help provide this opportunity.

Kind regards.

Sincerely yours,

L. H. FOSTER, *President.*

ASSOCIATION OF UNIVERSITY EVENING COLLEGES,
Brooklyn, N.Y., February 6, 1964.

HON. WAYNE MORSE,
*Chairman, Subcommittee on Education,
U.S. Senate, Washington, D.C.*

DEAR SENATOR MORSE: A news item in the Wall Street Journal of February 5, 1964, reports that as chairman of the Subcommittee on Education you are planning hearings on various proposals for student financial assistance including the proposed federally administered student loan insurance program. I am writing

to you in my capacity as chairman of the legislative committee of the Association of University Evening Colleges.

The membership of this association consists of approximately 150 colleges and universities in the United States and Canada offering evening college programs leading to degrees. Approximately 75 administrators—deans, directors, etc.—of university evening programs are also members in addition to the institutional members. More than 350,000 undergraduate and more than 40,000 graduate students are enrolled in part-time evening programs in the member institutions. It is, however, noteworthy that about 1.28 million students in the United States are studying for degrees on a part-time basis out of a total undergraduate enrollment of 4.2 million. Part-time students thus represent in excess of 30 percent of the total undergraduate population.

When S. 580 was under active discussion last spring before the Subcommittee on Education (Committee on Labor and Public Welfare, 88th Cong., 1st sess.), I submitted data concerning the need to extend eligibility for student loans under title II of the National Defense Education Act and for student loan insurance under title I of the proposed National Education Improvement Act to part-time students. The data are printed in hearings of the subcommittee, volume II, May 14 to 17, 1963, pages 635-642. May I respectfully call your attention to this material? It states the reasons for making part-time students eligible for governmentally guaranteed loans.

The recent extension of the National Defense Education Act did not include part-time students. If this omission was based on the theory that inadequate funds were available under the act even for full-time students, this theory does not hold true with respect to loan insurance. No element of cutting the small pie into slimmer portions applies to the insurance principle.

I wish to point out that part-time degree students, on the average, carry 6 semester hours of work which represents one-half of a full-time schedule as defined by the U.S. Office of Education. If this were made the minimum qualification for loan insurance, substantial justice would be done to our student body. Moreover, a reasonably proportionate formula as to loan limits each year and in the aggregate, similar to that under the Higher Education Assistance Corp. in New York, would achieve the equitable results we seek.

May I, therefore, urge you to give favorable consideration to the economic needs of the part-time students in the proposal for student loan insurance? Your cooperation will be greatly appreciated.

Sincerely yours,

SOL JACOBSON,
Chairman, Legislative Committee.

PRATT INSTITUTE,
Brooklyn, N.Y., April 9, 1964.

Re bill S. 2490.

Hon. WAYNE MORSE,
*U.S. Senate,
Senate Office Building,
Washington, D.C.*

DEAR SENATOR MORSE: I would like to support the amendment proposed by the National Commission for Cooperative Education, outlined by Mr. George E. Probst of the National Commission for Cooperative Education.

For the past 2 years this institution has considered very seriously the merits of cooperative education and the work-study program, and we are the first, curiously enough, to introduce it into the Greater New York area. We have high hopes and feel strongly the proposed amendment could assist this kind of innovation. Our program is in engineering and science, but I am sure we shall test its adaptability to other programs in this professional school.

May I add a personal note? I remember with pleasure our occasional meetings when I was with the staff of the Senate Foreign Relations Committee, 1947-49. Often I get homesick for the importance of the Senator activities.

Sincerely yours,

RICHARD H. HEINDEL,

PRATT INSTITUTE ADDS A NEW MEANING TO THE WORD "COOPERATION"

Beginning in the fall of 1964, freshmen entering the School of Engineering and Science at Pratt Institute may participate in the school's new cooperative

work-study program. This brochure describes the co-op program, which is designed for students majoring in chemical, electrical, industrial, or mechanical engineering; or in mathematics, physics, or chemistry.

THE COOPERATIVE PLAN

The co-op program at Pratt Institute is a first in the New York metropolitan area, but similar programs have long been popular in other parts of the country. Such programs provide for alternating periods of study on the campus with work in industry so that the student's academic learning is augmented by meaningful practical experience. The program takes its name from the school-industry cooperation which insures that each student's work experience will, in fact, contribute significantly to his overall growth and professional development.

THE WORK-STUDY SCHEDULE

Pratt's co-op plan is a 5-year program with alternating periods of work and study scheduled during the middle 3 years. Thus, co-op students follow a conventional September-to-June study schedule during their freshman and senior years. The 3 work-study years, starting at the end of the freshman year in June and continuing through the summer preceding the senior year, embrace six regular fall and spring semesters and four summer sessions. Half of these periods (i.e., three regular semesters and two summer sessions) are spent on campus and the other half at work, on an alternating basis.

Each co-op class will be divided into two equal groups at the end of the freshman year. One group will work the first summer, return to the campus for the fall semester, work during the spring semester, etc. The other group will remain on campus for the first summer session, work during the fall semester, return to the campus for the spring semester, etc. The accompanying table shows the complete schedule for both groups (ws and sw).

Year	1st	2d	3d	4th	5th
Fall.....	Study.....	{ws: Study... {sw: Work.....	ws: Work.....	ws: Study... sw: Work.....	} Study.
Spring.....	do.....	{ws: Work..... {sw: Study... ws: Study... sw: Work.....	ws: Study... sw: Work.....	ws: Work..... sw: Study... ws: Study... sw: Work.....	
Summer.....	{ws: Work..... {sw: Study... ws: Study... sw: Work.....	ws: Study... sw: Work.....	ws: Work..... sw: Study... ws: Study... sw: Work.....	ws: Study... sw: Work.....	

Each industrial work position will be filled by two students, one from each of the two schedule groups. When one student completes a work period and returns to the campus, the other will replace him in the job assignment. This arrangement will provide the job continuity necessary to cooperating industries.

ON-CAMPUS PROGRAM

Courses and credits required for graduation are the same for co-op students as they are for students enrolled in the regular 4-year curriculum. The only difference between the two programs is that co-op students will take 5 years to complete what is normally a 4-year program of study.

INDUSTRIAL WORK PROGRAM

All students accepted in the co-op program will be placed in industry by the Institute, but the better students, at least, will have some choice of job assignments. Once placed, a student will generally remain with the same company throughout the duration of the program, though reassignment may be arranged at the request of either the student or company. Cooperating industries frequently offer their co-op students full-time employment upon graduation, but are not obligated to do so. Neither is the student obligated to work for the company after graduation. In general, students will be expected to complete the entire work-study schedule once they have entered the co-op program; however, withdrawal from the program will be permitted as circumstances warrant.

EDUCATIONAL ADVANTAGES

Cooperative education has a number of significant educational advantages: Theory and practice are more closely integrated by carefully coordinated work experience, and the student's academic studies are made more meaningful.

Student motivation is stimulated by the challenge of industrial experience.

Work experience contributes significantly to the student's overall professional growth by giving him the opportunity to develop maturity, judgment, and a sense of responsibility. Work experience increases the student's understanding of other people and focuses attention on the importance of human relations.

The co-op program provides vocational information and guidance which would not otherwise be available. The student has the chance to "try out" a field before he is committed to it as his life's work.

ECONOMIC ADVANTAGES

Pratt's co-op program provides for a total of 85 weeks of industrial employment. An average salary of \$80 per week over the 3-year work-study period is a reasonable estimate, so that a co-op student can earn upwards of \$7,000 while at work. Tax deductions may reduce this figure by 20 percent or so, but net income after taxes is still roughly equal to the 5-year cost of tuition and fees for the on-campus part of the program. However, it would not cover the cost of books and supplies nor, for students not living at home, room, and board.

Although the availability of industrial job opportunities in the New York area should permit most co-op students to commute from home to their job assignments, such an arrangement cannot be assured. Those students who work away from home will, of course, incur the additional expense of their room and board during their work periods. Even so, their net income will still defray a major part of their college expenses.

It should be noted that job income is not available to the co-op student until he has completed his freshman year. Usually well-qualified students may receive scholarships, but most freshmen will have to pay their own way for the first year. Those assigned to group sw (see schedule) will also have to meet the cost of one summer session before job income starts. However, temporary loans to students in group sw can probably be arranged.

COST OF THE PROGRAM

Total tuition and fees for the 5-year co-op program are the same as for the regular 4-year program (i.e., \$687.50 per semester for eight semesters, as of November 1963) with one exception: there is a special co-op fee of \$250, payable in installments during the 3-year work-study part of the program. This fee, which is less than 5 percent of the total regular tuition and fees, will defray the additional administrative costs associated with the co-op program.

The fact that co-op students require an extra year to complete their undergraduate work may appear to be an indirect "cost." In practice, experience at other schools has shown that co-op students command higher salaries upon graduation because of their industrial experience, and that they lose little or nothing for having delayed graduation a year.

It might also be presumed that the interrupted study schedule during the middle 3 years has disadvantageous consequences. Here again, however, experience has shown that cooperative education is in every way comparable to conventional 4-year programs—even to the extent that co-op students participate in extra-curricular activities, for example.

ELIGIBILITY

In general, a student wishing to enroll in the co-op program must have a C average or better at the end of his freshman year. The student must also be "employable" in terms of his character and personality; it is expected, however, that only 1 or 2 percent of those applying for the program will have to be rejected on such grounds.

APPLICATION FOR ADMISSION

Prospective co-op students should follow the regular procedure for admission to the School of Engineering and Science at Pratt Institute, details of which may be obtained from the Admissions Office, Pratt Institute, Brooklyn, N.Y. Specific questions regarding the program may be directed to the admissions office or to the office of the assistant dean, school of engineering and science.

THE UNIVERSITY OF SOUTH FLORIDA,
Tampa, Fla., April 8, 1964.

Hon. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

MY DEAR SENATOR MORSE: The administration at the University of South Florida would like to go on record as supporting the proposal made March 11, 1964, for bill, S. 2490, as presented by George E. Probst, executive director of the National Commission for Cooperative Education, and other distinguished educators. It is my understanding that this bill is now pending before the Senate and the proposal referred to is before your subcommittee on Education.

We believe that this proposal would go far in assisting other universities and colleges in establishing programs similar to ours whereby students alternate periods of paid employment with periods of study following their freshman year on campus. The periods of employment are planned as learning experiences in a practical and operating situation. And, incidentally, these students finance most of their educational expenses by their paid employment in a program worked out by the university and cooperative employers, including representatives from business, industry, and governmental agencies.

We believe it is good to allow the students to earn their educational expenses and at the same time gain experience in their area of professional interest. The alternating of full-time work with full-time study in an area of professional interest is, to us, better than a program of part-time jobs, because it better orients the student to the world of work and to his future professional assignment in society.

We sincerely request your subcommittee on Education to endorse and strongly support bill, S. 2490, for student work-study cooperative education programs at institutions of higher education.

In conclusion, we concur with the testimony offered by Mr. Probst, New York University professor, and executive director of the National Commission for Cooperative Education; Roy L. Wooldridge, dean and director of the cooperative education program at Northeastern University; Dr. Alex S. Pow, vice president of the University of Alabama; and Emery F. Bacon, director of education, United Steel Workers of America. We also concur with those who supported the proposal with written statements, including Dr. Asa S. Knowles, president of Northeastern University, and Dr. Ralph W. Tyler, director of the Center for Advanced Study in the Behavioral Sciences.

Sincerely yours,

JOHN S. ALLEN, *President.*

ROCHESTER INSTITUTE OF TECHNOLOGY,
Rochester, N. Y., April 15, 1964.

Hon. WAYNE MORSE,
Senate Office Building, Washington, D.C.

DEAR SENATOR MORSE: I am writing you with respect to bill S. 2490 pending before the Senate. I believe this bill has considerable merit.

As one of the institutions now offering cooperative education, we believe this is a highly useful form of education and should be expanded. We believe bill S. 2490 would accomplish these purposes at a relatively low cost.

Sincerely yours,

MARK ELLINGSON, *President.*

THE UNIVERSITY OF SOUTH FLORIDA,
Tampa, Fla., April 17, 1964.

Hon. WAYNE MORSE,
Senate Office Building,
Washington, D.C.

SIR: We would like to urge your subcommittee's support of the proposal presented by George Probst, March 11, 1964, covering "Student Work-Study Cooperative Education Programs at Institutions of Higher Education" which is a proposal for inclusion with bill S. 2490 pending before the Senate.

We feel the opportunity of letting students enter such a program whereby they gain experience while at the same time earning their educational expenses is much better than an outright scholarship or gift program. This proposal, re-

ferred to, would assist in setting up programs which would let the students earn their own "scholarships" so to speak.

We here as a body dedicated to the support of this outstanding educational program on our campus at the University of South Florida urge your subcommittee to include the mentioned proposal in its recommendations for addition to bill S. 2490.

Respectfully,

GEORGE H. MILLER,
Chairman, Work-Study Co-op Education Council.

BERRY COLLEGE,
Mount Berry, Ga., April 16, 1964.

HON. WAYNE MORSE,
U.S. Senate, Washington, D.C.

DEAR SENATOR MORSE: I am writing in support of pending legislation (bill S. 2490) which, if passed, would result in Federal Government support for the establishment of work-study cooperative education programs in institutions of higher education. Serving as president of an institution which, since its beginning, has had a work-study program of its own, I would like to indicate some of the values which may be derived from such a program.

A work-study program not only makes an education possible, but it also contributes vitally to the education of the student. Through work-study, the student develops skills in human relations. He learns a respect for work well done and a better understanding of the world of work in general. By testing his own aptitude and relating in a better way theory and practice, the student gains experience which is vital in a wiser selection of a career.

With the increasing need for well-educated people in science, business, and the professions, as well as from the standpoint of individual self-realization, a work-study program can assist greatly in filling the national need. A program such as the one proposed in S. 2490 would result in doubling the number of institutions offering work-study cooperative education programs, and provide an additional 30,000 to 40,000 new opportunities for college students to hold off-campus jobs.

We want to indicate our endorsement of this legislation which would assist colleges in the development of the work-study program. Be assured that your efforts and interest in this important matter are deeply appreciated.

Sincerely yours,

JOHN R. BERTRAND, *President.*

THE UNIVERSITY OF SOUTH FLORIDA,
Tampa, Fla., April 16, 1964.

HON. WAYNE MORSE,
Senate Office Building, Washington, D.C.

SIR: I would like to urge your subcommittee's support of the proposal "Student Work-Study Cooperative Education Programs at Institutions of Higher Education" which is pending before the Senate.

One of our greatest American philosophers and educators, John Dewey, wrote: "There is the standing danger that the material of formal instruction will be merely the subject matter of the schools, isolated from the subject matter of life experience. * * * Hence one of the weightiest problems with which the philosophy of education has to cope is the method of keeping a proper balance between the informal, the incidental, and the intentional, modes of education."

Addition of the above proposal to the bill S. 2490 would certainly give large and small institutions alike, an opportunity to expand and promote fully work-study programs in numerous areas, thus bridging the gap between the formal and informal about which Dr. Dewey wrote.

In addition, the tremendous growing demand for more skilled and professional experienced employees coupled with the school dropout of young people with potential has created a problem. I believe expansion of the work-study cooperative program could be a solution to part of this problem.

In conclusion, I again urge your support of this proposal for addition to bill S. 2490.

Sincerely,

Mrs. BINNIE L. NEEL,
Coordinator, Work-Study Cooperative Program.

PURDUE UNIVERSITY,
SCHOOL OF MECHANICAL ENGINEERING,
Lafayette, Ind., March 24, 1964.

Senator WAYNE MORSE,
Senate Office Building, Washington, D.C.

DEAR SENATOR MORSE: On Wednesday, March 11, 1964, a panel consisting of Mr. George S. Probst, Dr. Alex S. Pow, Dr. Roy L. Wooldridge, and Mr. Emery F. Bacon (enclosure A) presented testimony to the Subcommittee on Education on a bill to provide financial assistance to students in higher education, S. 2490.

As chairman of the Cooperative Education (work-study) Division of the American Society for Engineering Education, I wish to commend the panel members for their complete and excellent presentation of the role that cooperative education is now playing and could play in meeting the educational and financial needs of our students. George Probst, as executive director of the National Commission for Cooperative Education, is to be especially commended for his efforts in gathering and disseminating information on cooperative education.

Also, as chairman of the division, professor of mechanical engineering and administrator of Purdue University's cooperative education programs, I wish to extend my full support to the proposal which was made by the panel to the subcommittee. Briefly the plan is to provide for students in higher education, increased opportunities for off-campus employment by making funds available to institutions of higher education to assist them to establish and expand work-study cooperative education programs.

In view of the completeness of their testimony there is little that we could add. However, if you felt that it would be advisable to hear further testimony from a representative group of the Cooperative Education Division of the American Society for Engineering Education, we would be pleased to cooperate with you in any effort which you deem advisable.

Sincerely,

G. W. BERGEN,

*Professor and Administrator of Cooperative Engineering Education, and
Chairman, Cooperative Education Division, American Society for Engineering Education.*

McGraw-Hill Book Co.,
New York, N.Y., March 24, 1964.

Hon. WAYNE MORSE,
*U.S. Senate,
Washington, D.C.*

DEAR SENATOR MORSE: It has been my pleasure to testify before you in connection with education legislation for this country either in behalf of my own industry or my company. I wish now I could come and discuss with you the proposal that has been presented by the National Commission for Cooperative Education.

I have read the statements submitted by George E. Probst, by Alex S. Pow, by Emery F. Bacon, and by Roy L. Wooldridge, and I endorse them without reservation.

Further, I want to urge the favorable consideration of the legislation proposed under the heading "Student Work-Study Cooperative Education Programs at Institutions of Higher Education."

I solicit your concern not only as president of this company, but as chairman of the board of Trustees of Antioch College and as secretary-treasurer of the National Commission for Cooperative Education.

Sincerely,

EDWARD E. BOOHER, *President.*

NEW YORK, N.Y., March 10, 1964.

Hon. WAYNE MORSE,
*Chairman, Subcommittee on Education,
U.S. Senate, Washington, D.C.:*

I concur in the proposal presented to the Senate Subcommittee on Education by Mr. George Probst and others on behalf of the National Commission for Cooperative Education, under the title "student work-study cooperative

education programs at institutions of higher education." It is my long held opinion that the expansion of cooperative education is vital to our national well-being in an era of growing technological and economic complexity, and that the commission's proposal offers a practical approach to the achievement of this goal. I earnestly hope that your committee will recommend its incorporation in the legislation to be considered by the Senate.

ELMER W. ENGSTROM,
President, Radio Corp. of America.

YELLOW SPRINGS, OHIO, *March 11, 1964.*

HON. WAYNE MORSE,
*Chairman, Subcommittee on Education,
U.S. Senate, Washington, D.C.:*

Urge your careful consideration of student work-study cooperative education programs at institutions of higher education as being presented to your Senate Subcommittee on Education by George Probst, executive director of the National Commission for Cooperative Education. I heartily endorse this proposal.

JAMES P. DIXON, *Antioch College.*

FULLERTON, CALIF., *March 11, 1964.*

HON. WAYNE MORSE,
*Chairman, Subcommittee on Education,
U.S. Senate, Washington, D.C.:*

I completely concur with the proposal of student work-study cooperative education program at institutions of higher education.

ROBERT ERICKSON,
Executive Vice President, Beckman Instruments, Inc.

CINCINNATI, OHIO, *March 9, 1964.*

HON. WAYNE MORSE,
*Chairman, Subcommittee on Education,
U.S. Senate, Washington, D.C.:*

As head of institution at which first cooperative education program was introduced in United States in 1906 I strongly urge consideration of proposal entitled "Student work-study cooperative education programs at institutions of higher education."

WALTER C. LANGSAM,
President, University of Cincinnati.

SEATTLE UNIVERSITY,
Seattle, Wash., March 1, 1964.

HON. WAYNE MORSE,
U.S. Senate.

DEAR SENATOR: Just a word to let you know that I truly enjoy your periodic newsletter from Washington. Although I sometimes do not fully agree with your viewpoint, it is always stimulating and thought provoking to read your comments.

May I take this opportunity also to urge your consideration and action to report favorable out of the Senate Labor and Public Welfare Committee the bill providing aid to college students, introduced by Senator Vance Hartke of Indiana. As a teacher in a private university I am of course most interested in the passage of this bill.

Sincerely,

Rev. E. AXER, S.J.,
Professor of Philosophy.

HOLLINS COLLEGE,

Hollins College, Va., February 27, 1964.

HON. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORSE: You have recently sponsored a bill which would increase the Federal scholarship allowance for college students. I just want to say that I wish you success in this effort. In my opinion, the best way for the Federal Government to aid higher education, as well as the students and the country, would be to provide a scholarship program similar to the GI bill which would make it possible for more students to be able to pay to go to college.

Though I was some years ago worried about Federal control of education and have still strong opinions as to how Federal influence in this regard should be exercised, I was convinced by a rather thorough study of the GI bill while a graduate student at Harvard that Federal scholarships are the best route to the ends we all wish to attain.

When Representative Teague finished with the GI bill, it worked very well, indeed. The more of his influence that you could incorporate in your new proposal the better, in my view. In particular, I am not at all certain that such a scholarship program should be run by separate State commissions. This is no reflection at all on the State of my present abode.

Best of luck in your efforts.

Yours most sincerely,

MARGERY SOMERS FOSTER.

NATIONAL MERIT SCHOLARSHIP CORP.,
Evanston, Ill., March 2, 1964.

HON. WAYNE MORSE,
Chairman, Education Subcommittee,
U.S. Senate, Senate Office Building,
Washington, D.C.

DEAR SENATOR MORSE: I appreciate very much your letter of February 7, and your thoughtfulness in sending me a copy of the Hartke bill for aid to students in higher education, S. 2490. Absence from the office on business has prevented my responding more promptly.

There is to my mind little question but that a properly designed scholarship program might have a major influence in helping certain types of students get an education which their ability deserves. On the other hand, I have the feeling that many of the mass programs being proposed would not result in the desirable effects that the authors wish.

As you know, the National Merit Scholarship Corp. is a tax-exempt, nonprofit foundation and as such does not seek to influence legislation in any way. It would, therefore, appear unwise for me to comment on the bill or to support or oppose it.

I think it is not inappropriate for me to say that I do note that the Federal bills for scholarship aid, which have come to my attention, frequently propose extensive and costly administrative machinery. The national merit scholarship program is an on-going program in full operation, operated with efficiency and effectiveness. Although we operate with relatively small amounts of money, we are capable of extending our operations to a much larger scale, and I sometimes would if it would not be appropriate for the governmental groups concerned with these matters to give consideration to routing some of the student aid through an existing program which is having profound and widespread influences.

Very sincerely yours,

JOHN M. STALNAKER, *President.*

UNIVERSITY OF HARTFORD,
Hartford, Conn., February 24, 1964.

HON. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

MY DEAR SENATOR MORSE: As dean of students and financial aid officer for the University of Hartford, I am most interested in the work study program that was part of President Kennedy's omnibus bill. I would like to urge favorable consideration of this program.

Would you please advise me as to what would be of assistance to you in having full consideration given this program. Essentially, I am much in favor of a program which would enable students to work off a larger portion of their college expenses. It sounds like the American way of doing things.

Sincerely yours,

JOHN W. ADDLEY, *Dean of Students.*

THE CATHOLIC UNIVERSITY OF AMERICA,
Washington, D.C., March 6, 1964.

HON. WAYNE MORSE,
*Chairman, Subcommittee on Education,
Senate Office Building, Washington, D.C.*

DEAR SENATOR MORSE: It is my understanding that Senator Hartke of Indiana is submitting a new aid to education bill.

The present National Defense Education Act loan program provides for a maximum of \$1,000 per year, per student. Because of ever increasing tuition costs and the fact that tuition at many institutions is in excess of \$1,000, I would like to recommend that you consider a proviso in the bill for loans of \$1,000 or 1 year's tuition, whichever ever is the greater amount. I am particularly concerned about undergraduate students who are not in a position to secure part-time work as are graduate students.

I am writing to Senator Hartke and to Representative Edith Green along these same lines.

We shall appreciate any consideration you give to this matter.

Very truly yours,

REV. GROVER E. BELL,
Assistant Procurator.

HILLSBOROUGH COUNTY PUBLIC SCHOOLS,
FOREST HILLS ELEMENTARY SCHOOL,
Tampa, Fla., April 23, 1964.

HON. WAYNE MORSE,
*Chairman, Senate Subcommittee on Education,
Senate Office Building, Washington, D.C.*

DEAR SENATOR MORSE: We have used the work-study program in our school through the University of South Florida for the past 3 years and have been very pleased with the type of students who have worked with our teachers as aids.

In considering education bill S. 2490 please include student work-study cooperative education programs at institutions of higher learning. This would greatly strengthen these programs all over the Nation, and give opportunities for these institutions to assist more young people in their college training.

Please use your influence to support this addition to S. 2490.

Respectfully yours,

LEE STOKES, *Principal.*

U.S. Senator WAYNE MORSE,
*Chairman, Subcommittee on Education, U.S. Senate Committee on Labor and
Public Welfare, Senate Office Building, Washington, D.C.*

DEAR SENATOR MORSE: At the charter meeting of the Cooperative Education Association held April 21 and April 22, 1964, at Dearborn, Mich., I have been instructed to send you the following: "The Cooperative Education Association endorses Senator Vance Hartke's bill, S. 2490 and the new part proposed by the National Commission for Cooperative Education. The association is particularly in favor of the proposal of the National Commission for Cooperative Education which advocates Federal Government assistance over a period of 5 years in the modest amount of \$17,500,000 to assist additional institutions of higher learning to train faculty coordinators capable of initiating work-study cooperative education programs.

"The association which consists of representatives of private companies and institutions of higher learning with long and successful experience in work-study cooperative education programs commends to the attention of your committee

the creative role this form of education performs in opening the way to college and university educations for thousands of American youth who otherwise could not afford the cost of higher education and who through the work-study cooperative education plan acquired excellent academic training, maturity of judgment, and sound career guidance.

"The association respectfully urges passage of S. 2490 with the inclusion in it of the new part proposed by the National Commission for Cooperative Education.

"The secretary of the association is instructed to communicate the contents of this motion to Senator Wayne Morse and respectfully request that it be included in the subcommittee's record."

Very truly yours,

GEORGE H. MILLER,
*Secretary, Cooperative Education Association,
University of South Florida.*

HILLSBOROUGH COUNTY PUBLIC SCHOOLS,
VAN BUREN JUNIOR HIGH SCHOOL,
Tampa, Fla., April 22, 1964.

Senator WAYNE MORSE,
*Chairman, Senate Subcommittee on Education,
Senate Office Building, Washington, D.C.*

DEAR SIR: Our school has directly benefited from the student work-study program at the University of South Florida. We feel that this program is very worth while and strongly urge that student work-study cooperative education programs at institutions of higher learning be included in bill S. 2490 and that this bill be passed.

Sincerely,

ROBERT COLLINS, *Principal.*
RUTH MELVIN, *Librarian.*

(STAFF NOTE.—The following letters were received by the subcommittee in response to the inquiry requested by the chairman of witnesses relative to the New York State scholarship incentive program. The inquiry which was addressed to each of the witnesses read as follows:)

"During the course of hearings on S. 2490, the chairman of the subcommittee, at the request of Senator Javits, of New York, agreed to address an inquiry to each of the witnesses who presented testimony on the bill.

"At the direction of the chairman I am, therefore, writing to ask if you would be willing to supplement your formal statement with a brief comment with respect to your views on the program of the State of New York concerning financial assistance to students enrolled in institutions of higher education under the New York State scholar incentive program.

"Should you care to respond to this inquiry your comments will be placed in the hearings record on S. 2490 as an addendum to your statement.

"An early reply would be appreciated."

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF EDUCATION,
Washington, D.C., May 7, 1964.

Mr. CHARLES LEE,
*Professional Staff Member, Education Subcommittee,
Committee on Labor and Public Welfare,
U.S. Senate, Washington, D.C.*

DEAR CHARLES: Thank you ever so much for your courtesy in inviting me to prepare some comments on the New York State scholar incentive program for your consideration and possible inclusion in the hearings record on S. 2490. My comments are enclosed.

Sincerely yours,

PETER P. MUIRHEAD,
Assistant Commissioner for Program and Legislative Planning.

Enclosure.

STUDENT FINANCIAL ASSISTANCE IN NEW YORK STATE

For more than 50 years the State of New York has been awarding scholarships for college study to outstanding high school graduates. Starting from a modest beginning of 750 scholarships each carrying an annual stipend of \$100, the scholarship program has grown to the point where, in 1963, a total of 17,880 new scholarships were awarded and the total scholarship payments exceeded \$22 million. The following statistics indicate the dramatic growth of this program during the past 20 years:

	New scholarships awarded	Total scholarship holders in college	Total scholarship payments
1940.....	940	3,760	\$330,000
1950.....	3,204	10,962	3,750,000
1963.....	17,880	60,449	22,100,000

In addition New York State has a long established tradition of public and private colleges, unified under the board of regents, and a basic policy of extending educational opportunity to all who desire it and who are qualified to profit by it. In such a setting and in the face of the inescapable statistics showing a phenomenal increase in the number of youth planning to attend college in the years ahead, the action of the board of regents in recommending a scholar incentive program was both understandable and commendable. While the regents scholarships are an important and essential part of the student financial aid program, they are limited to students with outstanding talent and are awarded on the basis of competitive examinations. The scholar incentive program, however, is available for every student who demonstrates the ability to complete a college program of study. The board of regents stated in announcing the program, "The pursuit of excellence, today, means realization and fulfillment of all human capacity, wherever it may be found."

Recognizing the principle of financial need in this program, as is the case in other New York State student financial aid programs, the scholar incentive awards are graduated for income and level of study as follows:

Family net taxable balance	Scholar incentive award		
	Under-graduate study	1st year graduate study	2d and higher year graduate study
\$1,800 or less.....	\$300	\$400	\$600
\$1,801 to \$7,499.....	200	300	600
\$7,500 or more.....	100	200	400

Some measure of the scope of effect of these two financial assistance programs and the efforts of New York State to extend educational opportunities to an increasing number of able students, may be obtained from the attached tabular information.

The people of New York State can take justifiable pride in their student financial aid programs. In return for their investment they can expect rich dividends in cultural development, in economic productivity, and in civic leadership. The need for financial assistance to college students which is urgent today will become crucial in the years ahead. Unless there is a radical departure from the principle of providing higher education to all those capable of benefiting from it, the problem will require the joining of State, college, and private foundation resources with those of the Federal Government in a combined and concerted effort.

Scope of financial assistance program

Year	Scholarship and fellow- ship awards		Scholar incentive awards		Combined awards	
	Students	Amount (millions)	Students	Amount (millions)	Students	Amount (millions)
1961-62.....	40,000	\$15.7	77,000	\$7.5	90,000	\$22.9
1962-63.....	50,000	18.4	86,000	17.7	106,000	36.1
1963-64 (estimate).....	60,000	22.1	125,000	25.0	146,000	47.1
1964-65 (estimate).....	70,000	25.8	137,000	27.5	162,000	53.3

AMERICAN FEDERATION OF LABOR AND CONGRESS OF
INDUSTRIAL ORGANIZATIONS,
Washington, D.C., May 11, 1964.

Mr. CHARLES LEE,
Staff Member, Subcommittee on Education,
Committee on Labor and Public Welfare,
U.S. Senate, Washington, D.C.

DEAR MR. LEE: This is in response to your request for our comments with respect to the program of the State of New York known as the New York State scholar and incentive program.

We are concerned that a program such as this one encouraged the increasing of college and university tuitions by the amount of the grant. Our concern is reinforced by the attitude of the New York State Legislature toward the tuition-free New York City University. In that instance, the State appears to be putting pressure upon the university to change its policy and provide for tuition equivalent to the incentive grant.

The trade union movement has been traditionally in favor of public higher education without tuition. We prefer to see this principle extended rather than deteriorated. Branches of the New York State University which were tuition free now charge tuition and this too can be attributed to the existence of the scholar incentive program.

Sincerely yours,

ANDREW J. BIEMILLER,
Director, Department of Legislation.

DOLLARS FOR SCHOLARS,
May 3, 1964.

Mr. CHARLES LEE,
Professional Staff Member, Education Subcommittee,
New Senate Office Building,
Washington, D.C.

DEAR MR. LEE: Enclosed find my supplemental statement as per your letter of April 24, 1964. I am sorry that I didn't get to this at once, but at the time your letter arrived I was in New York City discussing the education problem and Senate bill 2490 before a nationwide audience on the "Today" show.

I should appreciate any comments from Senators Javits, Hartke, and Morse, after they have read this statement.

Am also enclosing a tearsheet from last week's Editor and Publisher on this bill. My columns on April 26, 1964, also had excerpts from more letters from parents and students. The ones I saw were from the Sunday Philadelphia Bulletin, and Sunday Pittsburgh Press of that date. Of the thousands of letters I have received, only one letter is in the negative. And from the contents of the letter, I see the woman doesn't understand the problem, and as soon as I have a minute I will reply to her, and am sure she will understand. For the very things she advocates, she really is against. As they say, a little knowledge is a dangerous thing.

Once again my thanks, and feel free to call upon me at any time. I am happy to be of service. In any proposed legislation, there is the danger from experts of so-called groups, who have an axe to grind; might be misleading to the committee. I like to think, that because of my communication with them, that I am the voice of the people, and understand their needs. Therefore, in their

interests, I am happy to do whatever I can to furnish whatever information that may be necessary to solve this most vital of problems.

Sincerely,

SIDNEY A. EISENBERG.

SUPPLEMENTAL STATEMENT OF SIDNEY A. EISENBERG

The State of New York probably has more programs for financial assistance for college students than any State in America. For example, the loan program of the New York Higher Assistance Commission has on its books at the present time, loans to some 69,044 students in the amount of \$78,300,000. In its loan program, the State of New York pays the entire 6-percent interest (which is the cost of the loan) and at the time the student repays this money, then the student only pays at the rate of 3 percent, and the State of New York pays the other 3 percent. During the period from October 1, 1963, through March 1964, the State of New York paid out in interest the sum of approximately \$1,830,000 in interest alone.

I merely mention this, without going into the pros and cons of the matter, to point out that the Hartke bill, Senate bill 2490, should be amended to allow the Federal Government to guarantee the student loan section to 100 percent without, however, paying any of the interest. I believe the students are ready, able, and more than willing to share the burden of obtaining a higher education.

However, I want to point out that I feel that the loan program of the State of New York, as set up, does carry out my premise in my original testimony in which I request that the scope of the institutions be broadened. For this loan program is so broad and liberal that it offers real help to the residents of New York. Senate bill 2490 could well emulate this, and go beyond this, if we are to solve not only the postsecondary educational problem; but also that of unemployment, relief, juvenile delinquency, and our entire economic status.

Since the question directed to me specifically was relative to the New York State Scholar Incentive Awards, I want to begin my statement by stating just what this program includes and what it is.

And I quote (from the State Education Department, Regents Examination and Scholarship Center, Albany, N.Y.):

"SCHOLAR INCENTIVE AWARDS

"Program of study: Full-time study leading to a degree in an approved college in New York State.

"Number awarded annually: Awards are made to all eligible applicants.

"Amount of award: \$200, \$300, or \$400 per year, according to financial ability, for the first year of graduate or professional study; \$400, \$600, or \$800 per year, according to financial ability, for graduate or professional study beyond the first year.

"Number of years: 4 (3, if 5 years of undergraduate assistance have been received).

"Basis of award: For each semester of graduate study, must demonstrate promise, during the immediately preceding semester, of satisfactorily completing the requirements for the degree. The qualify for the first semester of graduate study, an applicant must—

"(1) rank in the upper half of his college class on the basis of undergraduate achievement;

"(2) attain a combined score of 950 in the verbal and quantitative parts of the Graduate Record Examination Aptitude Test; or

"(3) achieve a weighted grade-point average of 2.5 in undergraduate study, where A-4 and E or F-0.

"Eligibility requirements: An applicant must—

"(1) be matriculated in an approved college in New York State in a full time (12 semester hours) leading to a degree; and

"(2) be a legal resident of New York State and must have been such a resident for a period of 12 months immediately preceding the beginning of the semester for which he applies for assistance."

I believe that Senate bill 2490 should limit itself to helping only undergraduate students. There are approximately 200,000 students in the upper third of their high school graduating classes today, that will not go to college because of lack of money. The scholarships in the Senate bill should be limited to students in this category.

Once awarded these scholarships, I feel that no further requirement of any specific point average be required. Merely, that the student remain in good standing to attend the college and be eligible for the degree for which he or she may be studying. I am sure that the U.S. Senate is not aware of the fact that the national defense program has been prostituted by some colleges and universities who arbitrarily take students out of this loan program because they fall below a certain point average. For example, I know of one university that makes a 2.7 average the breakoff point. And should the student get a point average of 2.69999, he or she is arbitrarily removed from assistance under NDSL and drops out of college. This is absolutely assinine, and Members of Congress receive all of the abuse because of this. That is why I would like to see all of the rules of eligibility spelled out in Senate bill 2490 so that it should not be subject to the whims and caprices of some of our colleges and universities; and for which Congress, who is trying to help, becomes the scapegoat.

Both Harvard and Yale now have changed their thinking in their program for continuing eligibility for financial aid and their scholarship programs, and any student who receives aid continues to receive this assistance as long as he remains in good standing in his class and is eligible to study for his degree. It would be well for all schools to emulate this policy.

I believe that the State of New York is spending the taxpayers' money very wisely and prudently, regardless of the cost. I have often said, we know the cost of everything, but the value of nothing. On behalf of New York, I can also give them data that shows that even from the standpoint of cost; this investment in education is money well spent.

For example, New York City alone spends almost \$500 million annually on those under 21 (the college age) on welfare or delinquents. The resulting education that the scholarships will bring, will more than reduce this figure by the amount of the cost.

It should also be remembered that the cost of welfare, relief, unemployment, etc., is a continuing annual cost. The cost of a college education is usually for only 4 years or in some instances a few years more.

The welfare cost of a boy and girl of college age is a continuing cost of \$1,000 each and every year, and goes up to \$1,500 beyond the college age and continues on and on, ad infinitum. Is it not wiser to invest this money, recoup the cost of this investment manifold, from the taxes of the wage earner recipient that has been trained, than to have a lifelong continuing drain on our economy with its ever-increasing deficit? Surely, even an elementary student of economics can understand this.

The U.S. Department of Labor reports that unemployment is three times greater for those under 25 (again the college age—or the age when students can be trained).

Would it not be wise, and money well spent, to educate and train these youngsters so that they could contribute to our economy instead of devastate it?

What a mockery it is, to have large numbers of persons on unemployment, and our daily papers are replete with ad after ad seeking people for employment. The basic problem, persons are not trained for the jobs that are available.

The time to train them is when they are susceptible to be trained, when they are of school and college age. At that time they can obtain the basics in education so that they will have fluid knowledge, and adapt themselves to the many changes in job need that are certain to come with the vast knowledge of new methods of manufacturing and production. Today, untrained workers, with one basic skill, usually self-taught, cannot adapt themselves to our badly needed skills. This is the reason for the colossal flop of our retraining program. It is not the fact that these people do not want to work; but the fact that they do not have the basic education to retrain themselves or be retrained. And even those that do not make the change, will give up when the next change occurs, as it surely must. Students with proper basic training and education can make the change to fit in with our economy with little cost, and also have the ability for continuing retraining when that necessity occurs.

No manufacturer would pour millions into a one-purpose machine, that could become obsolete by new scientific discoveries. Yet we in America, and in Congress, do not hesitate to spend millions, figuratively speaking, on human machines, who have no more ability for retraining than their inanimate counterparts. Surely, I do not recommend we ignore them; but we are ignoring the problem, by not training and educating their children so that they will not be faced with the same problems of their parents, and that we as a nation will not bankrupt

ourselves because we too, have failed to solve the problem which by this time should be very obvious.

It is ironic that the civil rights problem, our need for persons with newly acquired skills, and our scientific revolution have come upon us at the same time. It is tragic that we cannot discern that the only way that this problem can be solved is through education and knowledge to persons under 25 years of age. The only obstacle that stands in the way of the solution of these vital problems is money for education—and yet, we are sitting idly by, while the situations become more acute, instead of working on the solution.

Our citizenry becomes hopelessly enmeshed with such cliches as “taxpayers money,” “religious entanglements,” “Negro problems,” and the like.

We have reached that period in our history where we are at war for the minds of men—without which we must fail.

Without education strife will become rampant, and we will be governed from the streets, or need the military to keep law and order. Our unemployables will increase year by year, until the very few will not be capable to support the weight of those unable, through no fault of theirs, to carry the load any longer.

The hour is here when we must make a choice as to whether or not we will cut down the billions we spend on relief and unemployment in an ever-increasing spiral—or take the path of giving our citizens the education that will enable them to become self-supporting members of our country. We cannot do the former with first taking care of the latter.

All of the issues now being vitally considered in the Halls of Congress, can be aided immeasurably by enacting a slightly amended Senate bill 2490. It will be the first step forward to the solution of our major problems with which we are confronted today, and without which we will surely fall as a nation.

The time has come when we must, once and for all time, emancipate the minds of our boys and girls, our students—for the solutions to our problems are locked up in their fertile minds.

[From the Editor & Publisher, Apr. 25, 1964]

Here's the lead to a “How To Get Money for College” column by Sidney A Eisenberg (Bell-McClure Syndicate) :

“Would you invest a 5-cent stamp to help every boy and girl in America obtain a college education? All you have to do is write a letter.

“Senator Vance Hartke, Indiana Democrat, has introduced the Higher Education Student Assistance Act of 1965 as Senate bill S. 2490.

“This contains most of the program of collegiate financial aid that I have been urging for 2 years.

“The aim of the legislation is to make sure no capable student—average students and others—will be denied an opportunity for a college education because of financial cost.”

Mr. Eisenberg (Post Office Box 725, Cleveland 22, Ohio) has received thousands of letters in support of the bill. Senator Hartke has asked him to testify before a Senate committee about it soon.

Incidentally, the June issue of Pageant is carrying a seven-page profile on Sidney A. Eisenberg, a lawyer-industrialist-columnist who has devoted much of his life to his hobby of helping young people obtain loans or grants or scholarships for college.

VALPARAISO UNIVERSITY,
OFFICE OF STUDENT SERVICES,
Valparaiso, Ind., May 1, 1964.

Mr. CHARLES LEE,
Education Subcommittee, Committee on Labor and Public Welfare,
U.S. Senate, Washington, D.C.

DEAR MR. LEE: Thank you for your letter of April 24, in which you have given me the opportunity to supplement my formal statement given the subcommittee with respect to my views on the New York State scholar incentive program.

The three witnesses who represented the American Personnel Guidance Association at the recent hearing have agreed that they would prefer to submit a joint statement on this subject. Harold Cottingham, who is the president of our association, is preparing such a statement. This statement will reflect the

views of each of us and we will greatly appreciate your courtesy in placing these comments in the hearing's record on S. 2490.

Please permit me to take this opportunity to thank you personally for the many courtesies you extended to me and my colleagues when we appeared before the subcommittee.

Very sincerely yours,

(Mrs.) JOSEPHINE FERGUSON, *Director.*

THE UNIVERSITY OF WISCONSIN,
Madison, Wis., May 5, 1964.

Mr. CHARLES LEE,
*Professional Staff Member, Education Subcommittee,
U.S. Senate, Washington, D.C.*

DEAR MR. LEE: The Association of State Universities and Land-Grant Colleges, which I represented in testifying on S. 2490, has taken no position on the New York State scholar incentive program.

As for Wisconsin, and the Midwest generally, our higher education situation is so different from that of New York that we have not as yet considered that approach.

Sincerely,

FRED HARVEY HARRINGTON, *President.*

COLLEGE ENTRANCE EXAMINATION BOARD,
New York, N.Y., April 30, 1964.

Mr. CHARLES LEE,
*Professional Staff Member, Education Subcommittee, Committee on Labor and
Public Welfare, U.S. Senate, Washington, D.C.*

DEAR MR. LEE: I am not familiar enough with the scholar incentive program to comment on it. I would think that some of the people in the colleges in New York State could be more helpful. You might want to ask for written comment from some or all of the following: Carter Davidson, Union College; Mark Peisch, Columbia University; Fredrick Ness Ness, Hofstra University; Jacob Hartstein, Long Island University; Charles Dalton, University of Rochester; John Hafer, Syracuse University.

Sincerely,

REXFORD G. MOON, JR.

HARVARD COLLEGE,
Cambridge, Mass., May 18, 1964.

Mr. CHARLES LEE,
*U.S. Senate Committee on Labor and Public Welfare,
Washington, D.C.*

DEAR MR. LEE: In response to your letter of April 24 asking for my views of the New York scholar incentive program. I have to say that I am not close enough to that program and know so little about it, that I really am not a good witness as to its results.

Yours very truly,

J. U. MONRO.

FRANKLIN AND MARSHALL COLLEGE,
Lancaster, Pa., April 30, 1964.

Mr. CHARLES LEE,
*Education Subcommittee, Committee on Labor and Public Welfare,
U.S. Senate, Washington, D.C.*

DEAR MR. LEE: I am happy to offer a very brief comment on the New York State scholar incentive program as a response to your letter of April 24:

It is known throughout the Nation that New York State is making a fine investment in its future through its system of State scholarships for capable students who wish to attend the public colleges and universities. The pattern established by New York, with variations, can be commended to other States in the Union. Nothing so nearly assures the future economic and social health

of the Nation as this kind of investment. Although I have not had direct dealing with the New York State scholar incentive program, I know that it is respected throughout the country. Thank you for giving me this opportunity to make an additional comment.

Sincerely,

KEITH SPALDING.

NORTHEASTERN UNIVERSITY,
Boston, Mass., May 6, 1964.

Mr. CHARLES LEE,
Professional Staff Member, Education Subcommittee, Committee on Labor and Public Welfare, U.S. Senate, Washington, D.C.

DEAR MR. LEE: In response to your letter of April 24, I regret that I am unable to comment about the New York State scholar incentive program. The reason for this is that in the course of my duties I do not have sufficient contact with this program to allow me to form a meaningful opinion.

Thank you for presenting this opportunity to me. I am sorry that I cannot be of greater service to you.

Very truly yours,

ROY L. WOOLDRIDGE,
Dean and Director of Cooperative Education.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF EDUCATION,
Washington, D.C., June 8, 1964.

Mr. CHARLES LEE,
Professional Staff Member, Subcommittee on Education, Committee on Labor and Public Welfare, U.S. Senate, Washington, D.C.

DEAR CHARLES: This is in reply to your May 19 letter, and we are grateful to Senator Morse and to you for giving us an opportunity to join in the Senator's stimulating seminar on student financial aid.

You will note that we have endorsed and embraced the Senator's concept that a Federal scholarship program should supplement and in no instance supplant State efforts in this direction. The fact that we have suggested that this be done with as much flexibility as possible is, of course, in accord with the Senator's well-established opposition to undue Federal control.

Sincerely yours,

PETER P. MUIRHEAD,
Assistant Commissioner for Program and Legislative Planning.

THE FEDERAL INTEREST AND STUDENT FINANCIAL AID

Whenever the potential impact of a new Federal financial aid program upon existing State efforts is assessed, the factors which gave rise to these programs must constantly be kept in mind. Rising college costs, mounting enrollments, and the continually increasing demand for higher education have created broadened requirements for student financial assistance. Thus far, although valiant efforts have been made by colleges, States, the Federal Government, and private contributors to increase scholarship and loan funds, student demand stays ahead the supply of funds.

This development has been graphically illustrated in the history of the student loan program under the National Defense Education Act. This low-cost long-term loan program, enacted in September 1958, provided some \$50 million in loans to 115,000 college students in the first full year of operation. In the year ending this month an estimated \$135 million will have been loaned to more than 270,000 students. Despite this marked increase, seven States have created their own guaranteed student loan programs since September of 1958, and six States enacted enabling legislation during 1963 and 1964. This would seem to indicate that the need for financial assistance to able but needy students has not as yet been met and that, rather than hinder the development of State efforts, the NDEA has actually stimulated creation of additional types of student loan programs.

In contrast to State programs of guaranteed loans for higher education, many State scholarship programs have been enacted for specific rather than general purposes. (A notable exception is the long-established New York State program

of undergraduate scholarships.) Prior to the early 1950's nearly all State scholarship programs were developed either to assist a specific group, such as veterans' dependents, or to ease a manpower shortage in such fields as teaching, nursing, dentistry or medicine. The new State scholarship programs created from 1955 to the present, have in many instances utilized scholarship aid for payment of tuition and fees in order to encourage students to make maximum use of available private college facilities within a State, as well as those in public institutions. To this end, therefore, there has been an economy aspect underlying the creation of the more recent general State scholarship programs.

Proposals for a Federal scholarship program have, in the main, been directed toward the provision of financial support for capable but extremely needy students. Except for secular purposes, there have been no restrictions as to fields of study, intended career, nor the type of institution which the student is encouraged to attend. It is thus apparent that the specialized purposes for which State programs have been created could not be met through a general Federal scholarship program operating within the State. As has been the case with the parallel development of State guaranteed student loan programs and the NDEA, it is quite probable that establishment of a general Federal scholarship program would stimulate further State efforts in the same area.

While a State maintenance of effort formula could and should be attached to proposals for a Federal scholarship program, variations as to scope, purpose and type among nearly 40 existing State programs would argue for a rather flexible compliance formula. Furthermore, since some States will find it advisable to alter or terminate certain types of student aid programs when the need for them has been met in other ways, it would be undesirable to limit such freedom of action by Federal statutory control. Actually, the college cost spiral and enrollment pressures will undoubtedly prevent the lessening of financial aid activity at any level, thereby making statutory controls unnecessary.

In short, the yearly increase in the Nation's requirement for scholarship support is so marked, that the maximum efforts of Federal and State governments, the colleges and the private sources of aid are required if the needs of our college-bound youth are to be met.

UNIVERSITY OF ALABAMA,
University, Ala., June 16, 1964.

Mr. CHARLES LEE,
*Professional Staff Member, Education Subcommittee,
Committee on Labor and Public Welfare,
Washington, D.C.*

DEAR MR. LEE: I appreciate the opportunity to comment upon the desirability of the New York State scholar incentive awards plan as a Federal program in an effort to improve the educational opportunities for the youth of this country.

In general, I think it is quite proper that your subcommittee be concerned with providing programs which will enable young people who would otherwise be unable to do so to attend college. You well know, of course, that many of our best students do not go to college, many because of lack of funds to do so.

It should be noted that, while the New York plan indicates a high degree of success, the State of New York did pioneer in a program of testing and evaluation of high school performance through its system of regents examinations. Thus, under a national plan, States not having such a system might have to provide one to maximize the success of the plan. This should not be a bar, in my judgment, to consideration and adoption of a satisfactory plan.

Any national plan contemplated for wide use in the identification of recipients must give consideration to regional differences, thereby avoiding uniform, rigid standards for all.

The premise on which the New York plan is based is generally sound. I suggest that the subcommittee might consider making the award for the freshman year of undergraduate study larger than subsequent years. Often times, an individual who has been helped to get to college is able, and wants, to find ways to sustain his being there on his own. Several years ago, the U.S. Air Force instituted a program of scholarship loans, and its experience supported this notion. I suggest that you might want to ask the Air Force about its experience with this program.

In considering the administration of such a plan, the subcommittee might want to consider permitting universities and colleges to administer it. I believe that the interests of the individual, the State, and the Nation would be served better with this kind of an administrative arrangement than one administered by State or Federal agencies.

In summary, I would recommend that the subcommittee consider seriously the adoption of a scholar incentive awards plan on a national basis, taking into account the factors which I have listed in the foregoing paragraphs.

If I can be of any further help to you, please call on me.

Cordially yours,

ALEX S. POW, *Vice President.*

AMERICAN PERSONNEL & GUIDANCE ASSOCIATION,
Washington, D.C.

MR. CHARLES LEE,
*Professional Educational Staff,
Senate Committee on Education and Labor,
Senate Office Building, Washington, D.C.*

DEAR MR. LEE: Thank you very much for your letter requesting our opinion on the New York State incentive plan. I am writing this letter for the other two members of the American Personnel & Guidance Association Panel and myself who appeared before the Senate Subcommittee on Education on April 9, 1964, Mrs. Josephine Ferguson of Valparaiso University and Miss Carolyn Steel of St. Louis Park High School, St. Louis Park, Minn.

Our association and the members represented on the panel have tried to study this matter as thoroughly as we could. We feel that the program is new but on its record thus far, as we understand it, seems to be a well conceived program. It would be the considered judgment of our panel, in keeping with the testimony of all three of us, that this approach now being used by the New York State incentive plan does not tend to cover all of the aspects that we feel are necessary in the multiple approach to financial aid for college students. It is one very positive approach to the problem but by no means a comprehensive way of approaching the matter from the broad needs that we feel are currently being studied.

I appreciate this chance to respond to your letter. If I can be of further assistance please let me know.

Cordially yours,

HAROLD F. COTTINGHAM, *President.*

Senator MORSE. The subcommittee stands in adjournment.

(Whereupon, at 9:45 a.m., the subcommittee was adjourned subject to the call of the Chair.)

APPENDIX

The following articles relevant to the legislation are included at the direction of the chairman:

[From Financial Aid News April 1964, vol. 4, No. 4, College Scholarship Service]

WHO GETS THE SCHOLARSHIPS?

(By Elmer D. West, director, Office of Statistical Information and Research, American Council on Education, and Charlene Gleazer, staff assistant, American Council on Education)

A satisfactory solution to the problem of who should get college scholarships remains elusive for many reasons. Donors frequently specify the conditions. Colleges use scholarship funds for a variety of purposes. There are all kinds of scholarships. To these may be added many other reasons for the apparent confusion.

It has frequently been pointed out that in the awarding of scholarships—even scholarships based on financial need—grantees are not confined to the students from lower income families. Again there are many reasons. For example, higher income families are more likely to send their children to college than are lower income families, and probably to more expensive colleges. More reasons could easily be given. They are well known, however, and no repetition is necessary. But factual data on the distribution of scholarship funds are sometimes hard to get.

In recent years the college entrance examination board has published a "Manual of Freshman Class Profiles" for professional use by school and college officers. A pattern of information to be given is suggested to the colleges participating, but whether or not this is followed precisely is up to each individual institution. There is, therefore, a wide variation in the kind of information given, and many institutions gave little or no information on their use of scholarship funds. However, in the most recent edition 65 institutions reported the number of applicants for financial aid who were accepted for admission and the number who were subsequently offered scholarships, by family income. The data are summarized in the table below.

Scholarship offers by family income level at 65 institutions

Income level	Number accepted for admission	Number offered aid	Percent offered aid
Below \$3,000.....	635	377	59
\$3,000 to \$4,999.....	1,417	887	63
\$5,000 to \$6,999.....	2,582	1,703	66
\$7,000 to \$8,999.....	2,729	1,785	65
\$9,000 to \$10,999.....	2,265	1,395	62
\$11,000 to \$12,999.....	1,598	908	57
\$13,000 or over.....	2,099	789	38

The median grant by income level could not be determined from the data, since only a range was given. However, it will be seen that the percentage of scholarships awarded bears little relationship to the family income until this reaches the \$13,000 and above level, a level reached by only a small percentage of American families. But what is equally significant, there are more than twice as many students in the "\$13,000 or over" category who were offered aid as in the "below \$3,000" category. Note that the data given in this table apply to applicants who had been accepted for admission, not to those who had only applied for admission.

Perhaps, perhaps, perhaps

Many considerations enter into the award of a scholarship; financial need is not the only one. Nonetheless these are applicants for aid. Even when one takes into consideration such things as the number of children, other dependents, indebtedness, and so on, in high-income families it is difficult to accept the above figures without concern. Perhaps children of low-income families do not apply to these institutions in sufficient numbers. Perhaps they are being educated elsewhere. Perhaps they do not know about the opportunities that exist for financial aid. Perhaps they feel it isn't worth the effort. Perhaps perhaps, perhaps, one could go on. But of those applicants in the "below \$3,000" category who did apply and who were accepted, 40 percent were not given scholarships.

Whatever the reasons, in 65 institutions that reported data, the number of successful applicants for financial aid who came from families with incomes in excess of \$11,000 was more than four-and-a-half times as large as the number from the "below \$3,000" category, and one-and-a-fourth times as large as the number coming from families with an annual income level of under \$5,000.

Incomes and aid don't match

In 1961, according to the U.S. Bureau of the Census, 21 percent of the families in this country had a median money income of under \$3,000; another 20 percent fell in the "\$3,000-\$4,999" category. Thus, 41 percent of the families had incomes of less than \$5,000 in 1961. The Bureau's income intervals do not coincide with those used in the college board's manual, but some rough comparisons are possible. For example, 16 percent of all families had 1961 incomes of \$10,000 and above—a smaller percentage than in either the "below \$3,000" or the "\$3,000-\$4,999" categories. Yet we find a total of 1,697 students with family incomes of \$11,000 or above (an obviously smaller number than would be found in a \$10,000-or-above income group) who were offered aid. This is in contrast to a total of 1,264 students with family incomes of less than \$5,000—the income group in which 41 percent of the Nation's families find themselves. Furthermore, it would appear that the number of students from the "under \$5,000" group who were not offered aid is almost exactly equal to the number who were offered aid from the "\$13,000 or over" group. The numbers are 788 and 789, respectively.

Unfortunately, this analysis is based upon information from only 65 of the 250 institutions included in the 1963 edition of the Manual. What happens in the other institutions is a subject only for speculation.

Five ways to clean house

For those who look upon scholarship (grant) aid as a means of reducing the inequality of opportunity for a college education, the situation reported is not a happy one. The image of the colleges and universities as institutions that grant scholarships to the "needy and capable" is somewhat blurred. Perhaps some housecleaning is in order. Here are some actions that might be taken:¹

1. If need is to be determined after applicants are accepted for admission (as it should be, and generally appears to be) then in the granting of scholarships, begin at the bottom of the economic ladder and work up. If hearts must bleed for needy applicants accepted for admission, let them bleed more profusely for those with family incomes below \$3,000 than for those with incomes above \$11,000.

2. Evaluate the merits, if any, of selecting individual students so as to achieve certain general goals, presumed to be desirable and, therefore, worth paying for, such as a geographically representative student body. Does this really add to the quality of the institution, or only to the content of its advertising message? Perhaps an economic distribution of students would be more valuable than a geographic one.

3. Reverse the "gravy train" concept. Separate scholarship funds which are given without reference to need from those that are awarded according to need, and advertise them as such. After all, an application for financial aid is a request for help. An application for a competitive scholarship without reference to need should be clearly different, and should not involve a request for financial aid. Those who seek recognition rather than aid will then compete for the appropriate kind of award. Perhaps some of the requests for aid now originate in a spirit of competition between institutions for good students; they may, therefore, have little to do with aiding a needy student. If this be true, is it not the institutions, rather than the applicants, who have need?

4. Reevaluate the principle of awarding scholarship aid strictly according to the difference between what the family is judged able to afford and what it will cost

¹ The opinions expressed here are those of the authors and do not necessarily reflect the points of view of any organizations with which they are or have been connected.

the student to attend the institution he has applied to. (An alternative would be to set a relatively low maximum grant and let the applicant arrange for the balance of what he needs.) Admittedly, many desires would then be thwarted. But this alternative might make it possible for substantially more students to attend college. Is there any proof, after all, that giving larger amounts of money to a smaller number of applicants is better than giving smaller amounts to a larger number of applicants? There are some reasons to believe that the latter might benefit society more in the long run.

5. The increase in the number of students in college may well come largely from lower income families. Available scholarship funds may have to be stretched. Therefore, high income families might be required to make greater use of loan funds on the assumption that their financial difficulty in meeting college expenses was temporary.

Such actions as those suggested above may appear to be too extreme. However, the data presented do give some weight to the developing impression that the poor are often forced to borrow and the wealthy often get gifts through scholarships. Until the data indicate that more help is going to low-income families and less to those in the upper income brackets—which would be considered by many as a better use of existing funds—it will be hard to convince opponents of scholarship programs that a genuine need exists for additional scholarship funds.

Colleges have leaky pockets

In current phraseology, if we are dealing with a "pocket of poverty," cannot the institutions mend the hole through which funds appear to be slipping away?

Obviously, there will always be some cases of genuine need for scholarships to children from families of relatively high income. Our concern here is not with these. Our concern is with the rather extensive aid given to high-income families generally, as opposed to that given to low-income families.

THE ROLE OF THE EVENING STUDENT IN HIGHER EDUCATION ¹

(By Dr. Arthur L. Harris, Associate Commissioner of Education, U.S. Office of Education)

Thank you for inviting me to be your speaker today. Your invitation has caused me to do some hard thinking about the roles of men in the affairs and destinies of communities and nations.

What at first sounded like a routine topic for an address was suddenly made tragically timely by the events of November 22. I became painfully aware—as did all Americans—of how an event and a man can change a nation and thereby the role of every individual in it. One man with hate can destroy the great. One man with faith can move a nation.

It is already being said of the late John F. Kennedy that his role will have effects lasting far beyond the short span of his Presidency. He was a man of high ideals and he had an abiding faith in education. We are all familiar with the resounding declaration of that faith in one of his last messages to the Congress when he said:

"Education is the keystone in the arch of freedom and progress * * *. For the individual, the doors to the schoolhouse, to the library, and to the college lead to the richest treasures of our open society: to the power of knowledge—to the training and skills necessary for productive employment—to the wisdom, the ideals, and the culture which enrich life—and to the creative, self-disciplined understanding of society needed for good citizenship in today's changing and challenging world."

This faith in education was the principle that guided much of his domestic and foreign policies. His persistent concern for human rights was manifested in his advocacy of equal educational opportunity for all Americans regardless of race, color, or creed. The Peace Corps was this faith expressed on the international plane. Indeed at no other time in the history of this Nation has a President placed so much reliance on the power of education.

It is a similar faith that must bring you here today and every year. Something within you yearns for a better future for yourself, your children, and your

¹ Delivered before the International Association of Evening Student Councils, Drexel Institute of Technology, Philadelphia, Dec. 7, 1963.

neighbors' children; and so, with faith that education can bring this to pass, you embark on an educational venture that casts you in the role of a student today.

But who are you? My research on this question revealed some interesting facts.

First, I learned that your number is growing at a dramatic rate. Part-time students numbered 1,285,000 in the fall of 1962 and increased 12 percent, to 1,439,000 in the fall of 1963. In contrast, the full-time students increased only 5.9 percent, from 2,922,000 to 3,090,000 during the same period.

I found that there are twice as many of you this year as in 1952.

And I learned that about 38 percent of part-time students are women.

Age-wise you represent the full spectrum of maturity—from 20 to 90. And the literature discussing your personal characteristics abounds with superlatives.

You are described as mature, aggressive, thoughtful, energetic, and socially responsible citizens. You are leaders—or will be leaders—in your respective communities. You combine abilities that are the quintessence of everything any university and any teacher would desire in a student.

You have, in other words, all the attributes of the ideal student—except one: And that is that you seek instruction at odd hours of the day and the week. While other students are doing homework or pairing off for social functions you wend you eager way to classes. While other students cheer at football games on Saturday and revel at homecomings, you seek the treasures of the libraries. When others are tired and rest, you do your homework. All this you do without coercion, without urging; and, to be honest, even at times in the face of annoyed educators who really don't think you are serious about education because you're only part time.

I heard of one recent incident where a professor began his evening class with a "no nonsense" speech wherein he told his students that he knew they all had children at home, that they had full-time jobs, that they went to PTA meetings, church meetings, club meetings, etc., and were tired, but, by all that is holy, they were going to do the work required in his course anyway.

Even Aristotle is against you in his advice that "Men ought not to labor at the same time with their minds and with their bodies; for the two kinds of labor are opposed to one another." But Aristotle was not infallible. Not the least of his errors was that man was superior to woman.

Why is it, that against odds such as these, you pursue education with such vigor?

As individuals you decided to seek further education in the tired part of the day for reasons each of you know well. For one, it could be as simple as an escape from a sink full of dishes. For others to clarify your philosophy of life. (And who can say those two are not related?) John S. Diekhoff, writing in the *Journal for Higher Education*, October 1957, described the motivation of some evening students in these words:

"When he has established himself in his business or profession and the pressure of practical affairs lessens a little, the graduate may reach for the book he has long intended to read or subscribe to, the concert series that he has thought of and rejected annually. Then he may discover that he does not read with much insight or listen with much understanding; he doesn't know how. If he turns his growing leisure and growing responsibility to active citizenship, to participation in community affairs, he may discover that he knows too little about education, about government, about war and peace * * *"

We all recall the flashing glimpses of truth, the forays into the ideas and ideals of other worlds; the flush of discovery, and the satisfaction of insight and understanding that illuminated our younger student days. It is only natural that we would return to the source of these experiences, like a man seeking a cool spring in the heat of work and play. For many, evening is the only time, and a college the only place that men and women can go to rediscover their intellectual being and to restore their self-confidence.

The philosophical reasons—search for meaning, renewal of the intellectual quest—are indeed important. But there are other, "bread and butter" reasons for becoming a student again, which are no less important. Our society is caught up in the great tide of change that is sweeping like a mounting flood across the economic landscape of this decade. Responding to the personal crisis when trapped in the backwash of unemployment or anticipating engulfment, men and women are seeking the havens of evening colleges to upgrade their vocational skills—to save their economic lives. For these are times different from those of a generation ago when men left the farm for factory. The mass-produced automobile was developed by a "tinkerer" in a back shed, by a man with little formal education. Henry Ford's assembly line was the application of gadgetry and

business management, not the application of technological talent. It was not American education that produced the first phase of the industrial revolution. But it can well be argued that the classroom has been the birthplace of the second phase of the technical revolution—cybernation. It is the application of the disciplines of mathematics and science that has released the genie from the lamp.

Henry Ford put men on the assembly line; the electric eye and the electronic hand of cybernation are taking them off again.

So now while personnel offices are cutting back on the unskilled, they are advertising in newspapers for talent. But it is for talent that is not readily found and for skills that are not quickly learned. For example, one expert on the late President's Advisory Committee on Science has estimated that some 200,000 skilled technicians will be needed annually. Higher education's role in satisfying such a demand is only now being considered. But it is easy to predict that, just as mature Americans have always sought remedies for their individual needs in even schools, they will again turn to the classroom to learn the new skills they so desperately need in this era of automation.

The role of the evening student in higher education will be just what the thousands of individuals, responding to their individual needs, make it. Henry Miller of the Center for the Study of Liberal Education for Adults expressed it in these words:

"Adult education has tended to respond, much more than traditional forms of education, to the major thrusts of the society. It has no values of its own, no institutional structure of its own, it permits its purposes to be created out of expressions of needs in the society and particularly those needs expressed by the most powerful elements of the society."

Your role may well be—may always be—on the periphery of organized education. But as a powerful element in society, you will continue to be pace setters in pursuit of knowledge for knowledge's sake, adapters as you respond to crises that require new skills as old skills become obsolete in a changing world; and most important of all, you will be torchbearers for education through the example of your persistent pursuit of it. You and your organization can never disassociate yourselves from the needs of those who do or must choose this road to higher education. You must hold to your faith in education if you are to hold your stake in the future.

The hard facts of this decade make your organizational role critical to the national welfare. The changing world of cybernation has a terrific impact on the lives of individuals. When the total of these affected individuals is large and is such that they cannot grapple with their problems effectively by themselves—then the individual problems fuse into a problem of common concern. All elements of society must then organize to solve the problem. As time and change remold our society, the role of the evening student will emerge more clearly. In the meantime, it is incumbent upon colleges and universities to plan aggressively to meet the problem. The administration of these institutions will need your help in the formulation of policies to meet the needs.

Consider, for example, that according to the 1960 census, 25.5 million persons 16 years of age or older have completed less than 8 years of schooling and more than 8.3 million of these are adults, 25 years of age and older, who have completed less than 5 years of schooling. Will the evening college have a role in administering to the educational needs of these people?

Or consider the revelation by the National Merit Scholarship Corp. that one out of every five high school students who rank in the top third of ability on the NMSC examination does not enter college as a full-time student. Sometime in their adult lives these bright students will seek further instruction. Adult classes must be available when they are needed. Can evening student councils help plan for this eventuality?

We are accustomed to hearing about a population explosion. This affects the the schools in terms of 7 million enrolled in institutions of higher education by 1970—about twice the 1960 college and university population. Campus and faculty must be ready for this phenomenal growth. Should not some consideration be given to using campus facilities more during the evening hours? Cannot evening student councils bring facts to bear on this crisis?

The explosion of knowledge is shaking the security of college-trained professionals. In one field alone—the physical sciences—55,000 journals, containing 1,200,000 articles were published in 1 year. Think what this is doing to outdate B.S. diplomas.

I am reminded here of W. R. Parker's hypothetical university wherein he would give Ph. D.'s that would completely disintegrate in 10 years. In a light vein, he says:

"There is more than one way to skin a sheep, and ours would make degrees eventually null and void. All graduates who return to us for new doctorates will then be awarded fellowships to some other university, where they will be required to sit under one of the top scholars in their chosen field and also to take a number of less specialized courses in other disciplines. This done, we shall happily mail them a brandnew doctorate, guaranteed to last exactly one decade."

Think what this might do for the evening school's role.

Then, too, vast shortages in professional level skills are predicted for this decade, which may affect evening colleges in ways yet unfathomed. By 1970, we must increase our output from 3,000 per annum to 7,500 to satisfy personnel needs in engineering, mathematics, and physical science. About 3,600 more physicians are needed than medical schools are now graduating annually. About 90,000 more doctorate-level college teachers will be needed by 1970 to maintain present standards of quality. About 127,000 more teachers will be required annually to keep elementary and secondary school classrooms in full-time session. The American Library Association estimates that 152,000 librarians will be needed to provide minimum services in our Nation's libraries. One large firm, IBM, estimates that 100,000 skilled men will be needed to operate electrical computers that will be in operation by 1965.

The need for educated men and women is guaranteed and the availability of men and women who would work if they could seems ample.

All that is required is a breakthrough in education that will turn the unskilled into the skilled, the untrained into the trained.

Some say this will require a miracle. Certainly it requires intelligence. At least it requires faith—a faith that will make us unafraid to try all alternatives. We need a massive breakthrough in educational opportunity, so that wherever and whenever there is a will to higher education there will also be a way to it.

Legislative action is needed on every level—local, State, and National—to provide the facilities and the financial wherewithal for teachers and classrooms, secondary through college. Bills have been and are in Congress that promise that kind of breakthrough on the Federal level: The University Extension Act, the Basic Adult Education Act, the National Education Improvement Act, the Vocational Education Act, and the College Facilities Act, to mention a few. Many believe, however, that the larger problems of aid to the regular session school activities must come first. IAESC certainly has a stake in this debate.

So there you are again—on the periphery of priorities.

The role of the evening college in the solution to the many problems of society has not yet been grasped by many. But, as the technological revolution accelerates and the amount of leisure time available to employed adults increases, this type of college will most certainly have a greater role in the solution to the attending problems.

Meanwhile, universities and other informed groups such as yours must move to solve some of the problems confronting the evening colleges. Their role could become more effective if at least four problems were given immediate attention.

Something needs to be done to make it financially easier for the adult to attend school. The financial burden in many cases comes on top of heavy family commitments. Everything my colleagues and surveys tell me you are, demonstrates that you would be excellent risks for loans. The student loan program of the National Defense Education Act could be amended to accommodate your kind. Meanwhile there are no legal barriers to other loan programs for part-time students at individual colleges.

Efforts need to be continued to coordinate the administration of the various extension programs serving adults. Competition, when it leads to duplication of facilities, is not to be condoned particularly in publicly financed institutions. This is an administrative function that could be performed at most universities without further legislative authorizations.

Some attention must be given to continuity of courses from high school through higher education. College and high school teachers must join in a unified effort to update the curriculum so that courses—in literature, for example—are part of a continuous, meaningful experience toward higher and deeper understandings. A few such efforts are underway even now.

Universities must regard their adult education students as full-fledged members of the student body. As C. O. Houle of the University of Chicago has said:

"We cannot intelligently consider the future of the institution itself or its society without recognizing that the teaching of adults is central to a university's purposes and that the ends and the means of that work must be considered not as a separate activity but as an integral part of higher education."

Universities can best express this by committing a fair portion of their best instructors to evening programs.

The role of the evening student in higher education is more important than many may have surmised. In the melting pot era of our history, the evening class was the means of leading many adult Americans from illiteracy in our language and culture to literacy. In the challenging decade of the sixties, it may well prove to be the medium that more than any other, can serve as the adapter of Americans to the changes underlying the challenge. As you and those before and after you continue to insist on an education in the odd hours of the day and week, you are torchbearers of the faith that our late President had in education. For as seekers of knowledge, adapters to change, you are living symbols that man can aspire to rise above himself. And your dedication is grounds for the hope that Americans will once again face and resolve the challenges of automation and cybernation—the challenge of change.

[From the Saturday Review, Mar. 21, 1964]

A THIRD FORCE IN COLLEGE ENROLLMENTS

There is a growing awareness among thoughtful observers of higher education in the United States that even the most optimistic forecasts of college enrollment are likely to be too low, because of an important factor that has been largely overlooked. Sidney G. Tickton, a staff member of the Fund for the Advancement of Education who has studied the enrollment picture intensively in recent years, has predicted that enrollment in the Nation's colleges and universities will double in 10 years and triple in 25. In this article he explains why he believes that "a third force"—the trend toward automation—is pushing college enrollment upward at a rate that will make even his own high projections too modest. The article is based on an address Mr. Tickton delivered at the 46th Annual Meeting of the American Council on Education in October.

(By Sidney G. Tickton)

There are at least three major factors that will influence the size of the college-going population in the future, and I know of no one, including myself, who has allowed for the effect of more than two.

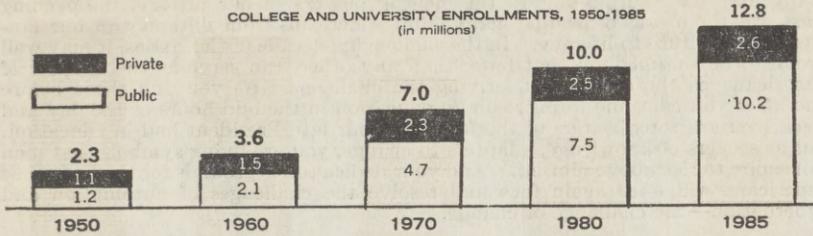
Factor No. 1, of course, is the forthcoming great increase in the number of young people of college age. High birth rates between 1946 and 1963 mean a continually increasing number of college-age people from 1964 to 1985 and probably a continued upward trend thereafter for many years to come, barring war or other national disasters.

Factor No. 2 is the increased need, desire, and financial ability of more young people to obtain more education beyond high school than ever before. A college education of from 2 to 4 years is clearly becoming a goal for a growing proportion of our population—in all parts of the country and among all social and economic classes. A conservative extrapolation of past trends leads to the conclusion that the percentage of college-age people actually in college can be expected to grow from 24 percent today to 40 percent in 1985, because of need, desire, and financial ability only.

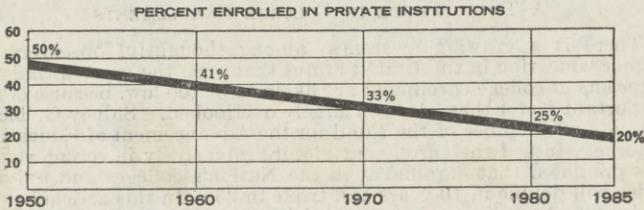
Factor No. 3 is the one whose importance has been underestimated, it seems to me, by those of us who have been studying the future of college-going trends. I believe it is sufficiently potent to force the raising of all previous projections. It is the effect that automation and mechanization are having on the number of jobs available for young people in our economy. Our society is automating and mechanizing the productive process so rapidly that a large part of the country's unskilled youth is being eliminated as an effective part of the labor force. The muscle, energy, adaptability, and resilience of young people, their enthusiasm and drive, grit, and determination—the very characteristics that stand up so well in our Peace Corps volunteers abroad—are being displaced at home by the transistor, the computer, and the thousand-and-one new devices being developed day by day by the Nation's scientific and industrial research brainpower.

THE COMING BOOM IN COLLEGE ENROLLMENTS

The number of students will increase threefold . . .



. . . but the proportion in private institutions will drop sharply



Source: "Letter to a College President," by Sidney G. Tickton, Fund for the Advancement of Education, 1963

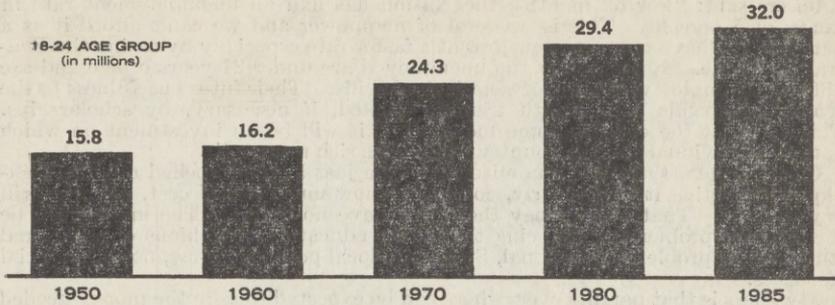
At this point in our Nation's economic development there is neither the need to conduct extensive studies to bring out the facts nor to deny the existence of a problem. I am merely reporting what everyone can see for himself today: There are fewer young elevator operators in big office buildings and hotels and fewer young farmhands. There are fewer young coal miners and fewer young railroad workers. Many of the job opportunities that used to be available to high school graduates just aren't there anymore.

For unskilled young people, job opportunities will become rarer as our industries and offices put into operation the electronic devices already invented or already known to exist. All this may take a few years because of footdragging (as in the case of newspapers, shipping, railroads, and the building trades) or because of the benevolent desire to avoid displacing present workers too dramatically. But automation is destined to occur everywhere. Take, for example, the highly automated telephone industry. Here the number of telephone operators 18 to 24 years of age dropped from about 130,000 to 81,000 between 1950 and 1960. The number of telephones in use grew by 31 million. Automation alone made it possible for the industry to reduce the number of inexperienced young women employed as operators by 40 percent during a period when the volume of traffic increased by 60 percent and the total number of operators remained about the same.

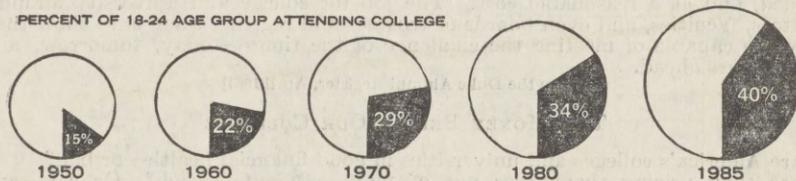
Another example: The banking industry, a large employer of inexperienced high school graduates. Here the job of machine bookkeeper is well on the way to extinction. Once the banks have installed the system of magnetic ink character recognition (the queer-looking numbers on checks, approved by the American Bankers Association in 1959) they stop hiring high school graduates as machine bookkeepers. Two large New York City banks reported that in 1960 they hired a total of 144 machine bookkeepers; in 1961, 115; in 1962 (the year of conversion), 5; and in 1963, none.

WHY ENROLLMENTS WILL RISE TO NEW HIGHS

There will be more young people of college age . . .



. . . and a larger proportion of them will be in college



These examples portray one of the major problems of our society today—a hidden, creeping type of unemployment that concentrates mainly on the potential employee not hired because the job has disappeared. What, then, is our society to offer the increasing numbers of young people who will take their high school diplomas firmly in hand each year and try to enter the labor force? They have to be greeted with something better than a rejection mechanism, unemployment, or various make-work activities. There has to be something better, and there is—education beyond the high school—probably of the junior college or technical college variety. To be most effective, these colleges must meet the widely varying needs and circumstances of the hundreds of thousands of young people who will be involved, and they must also be acceptable to both taxpayers and parents. Taxpayers are directly concerned because most of these colleges will be public institutions supported by State or local taxes.

Against this general background everyone assumes that there is a public commitment to enlarged opportunity in higher education. But is there a commitment? If so, who made it, and to whom? How is the commitment to be met, and who is going to pay the bill?

In some States, college admission policies already embody all or part of the commitment in the policies of public institutions. Public junior colleges, for example, admit graduates of any high school in their area and usually in their State, if space is available. According to the Joint Office of Institutional Research of the State Universities and Land Grant Association, 21 State universities and land-grant institutions will admit graduates of an accredited high school in their State. Of the 21 (located in 5 States) 9 are required to do this by State law, but some of them do attempt to discourage marginal students by various counseling devices.

Beyond this, there have been many important educational policy statements, both at National and State levels, that expressly state the commitment. In 1958, for example, Congress, in enacting the National Defense Education Act, said:

"The Congress hereby finds and declares that the security of the Nation requires the fullest development of the mental resources and technical skills of its young men and women. * * * We must increase our efforts to identify and educate more of the talent of our Nation."

In addition, Congress has passed economic legislation which commits the Nation to a program of full employment—or at least to as little unemployment as possible. Not long ago, Walter Heller, Chairman of the President's Council of Economic Advisers said: "For 69 months, the Nation has had an unemployment rate in excess of 5 percent. This is wasteful of manpower and we can't afford it as a nation. We have to create new jobs at a faster rate especially by easing the Federal tax brake. But many of the unemployed are under 21 years of age and are difficult to employ with their present lack of skills. Their future usefulness to the economy depends upon youth training backed, if necessary, by scholarships. This will cost the country some money, but it will be an investment on which both the individual and the country will realize rich returns."

Clearly, then, there is a commitment. We just haven't spelled out the technique of meeting it very clearly, considered how much it will cost, nor who will pay the bill. That we can pay the bill, I have no doubt. The money will be there. The problem of financing the higher education of millions of additional students is a problem of National, State, and local political policy, not of financial resources.

My guess is that parents everywhere can be expected to vote the money needed for colleges and universities, if they are convinced that the present and proposed colleges and universities can do the job that is needed, when needed, where needed, and at a reasonable cost. The job for college and university administrators, faculties, and even boards of trustees and regents, then, is to show that they are capable of meeting the challenge of the times—today, tomorrow, and in the years ahead.

[From the Duke Alumni Register, April 1964]

THE MONEY BEHIND OUR COLLEGES

Are America's colleges and universities in good financial health—or bad?

Are they pricing themselves out of many students' reach? Or can—and should—students and their parents carry a greater share of the cost of higher education?

Can State and local governments appropriate more money for higher education? Or is there a danger that taxpayers may "revolt"?

Does the Federal Government—now the third-largest provider of funds to higher education—pose a threat to the freedom of our colleges and universities? Or is the "threat" groundless, and should higher education seek even greater Federal support?

Can private donors—business corporations, religious denominations, foundations, alumni, and alumnae—increase their gifts to colleges and universities as greatly as some authorities say is necessary? Or has private philanthropy gone about as far as it can go?

There is no set of "right" answers to such questions. College and university financing is complicated, confusing, and often controversial, and even the administrators of the Nation's institutions of higher learning are not of one mind as to what the best answers are.

One thing is certain: financing higher education is not a subject for "insiders," alone. Everybody has a stake in it.

These days, most of America's colleges and universities manage to make ends meet. Some do not: occasionally, a college shuts its doors, or changes its character, because in the jungle of educational financing it has lost the fiscal fitness to survive. Certain others, qualified observers suspect, hang onto life precariously, sometimes sacrificing educational quality to conserve their meager resources. But most U.S. colleges and universities survive, and many do so with some distinction. On the surface, at least, they appear to be enjoying their best financial health in history.

The voice of the bulldozer is heard in our land, as new buildings go up at a record rate. Faculty salaries in most institutions—at critically low levels not long ago—are, if still a long distance from the high-tax brackets, substantially better than they used to be. Appropriations of State funds for higher education are at an alltime high. The Federal Government is pouring money into the campuses at an unprecedented rate. Private gifts and grants were never more numerous. More students than ever before, paying higher fees than ever before, crowd the classrooms.

How real is this apparent prosperity? Are there danger signals? One purpose of this report is to help readers find out.

Where U.S. colleges and universities get their income

How do colleges and universities get the money they run on? By employing a variety of financing processes and philosophies. By conducting, says one participant, the world's busiest patchwork quilting bee.

U.S. higher education's balance sheets—the latest of which shows the country's colleges and universities receiving more than \$7.3 billion in current-fund income—have been known to baffle even those men and women who are at home in the depths of a corporate financial statement. Perusing them, one learns that even the basic terms have lost their old, familiar meanings.

"Private" institutions of higher education, for example, receive enormous sums of "public" money—including more Federal research funds than go to all so-called public colleges and universities.

And "public" institutions of higher education own some of the largest "private" endowments. (The endowment of the University of Texas, for instance, has a higher book value than Yale's.)

When the English language fails him so completely, can higher education's balance-sheet reader be blamed for his bafflement?

In a recent year, U.S. colleges and universities got their current-fund income in this fashion:

	Percent
From student tuition and fees.....	20.7
From the Federal Government.....	18.9
From State governments.....	22.9
From local governments.....	2.6
From private gifts and grants.....	6.4
Other educational and general income, including income from endowments.....	9.4
From auxiliary enterprises, such as dormitories, cafeterias, and dining halls.....	17.5
Student-aid income.....	1.6

Such a breakdown, of course, does not match the income picture at any actual college or university. It includes institutions of many shapes, sizes, and financial policies. Some heat their classrooms and pay their professors largely with money collected from students. Others receive relatively little from this source. Some balance their budgets with large sums from governments. Others not only receive no such funds, but may actively spurn them. Some draw substantial interest from their endowments and receive gifts and grants from a variety of sources.

"There is something very reassuring about this assorted group of patrons of higher education," writes a college president. "They are all acknowledging the benefits they derive from a strong system of colleges and universities. Churches that get clergy, communities that get better citizens, businesses that get better employees—all share in the costs of the productive machinery, along with the student * * *."

In the campus-to-campus variations there is often a deep significance; an institution's method of financing may tell as much about its philosophies as do the most eloquent passages in its catalog. In this sense, one should understand that whether a college or university receives enough income to survive is only part of the story. How and where it gets its money may have an equally profound effect upon its destiny.

FROM STUDENTS, 20.7 PERCENT

Last fall, some 4.4 million young Americans were enrolled in the Nation's colleges and universities; 2.7 million in public institutions, 1.7 million in private.

For most of them, the enrollment process included a stop at a cashier's office, to pay tuition and other education fees.

How much they paid varied considerably from one campus to another. For those attending public institutions, according to a U.S. Government survey, the median in 1962-63 was \$170 per year. For those attending private institutions, the median was \$690—four times as high.

There were such differences as these:

In public universities, the median charge was \$268.

In public liberal arts colleges, it was \$168.

In public teachers colleges, it was \$208.

In public junior colleges, it was \$113.

Such educational fees, which do not include charges for meals or dormitory rooms, brought the Nation's public institutions of higher education a total of \$415 million, one-tenth of their entire current fund income.

By comparison:

In private universities, the median charge was \$1,038.

In private liberal arts colleges, it was \$751.

In private teachers colleges, it was \$575.

In private junior colleges, it was \$502.

In 1961-62, such student payments brought the private colleges and universities a total of \$1.1 billion, more than one-third of their entire current fund income.

From all students, in all types of institution, America's colleges and universities thus collected a total of \$1.5 billion in tuition and other educational fees.

Are tuition charges becoming too burdensome?

"No nation puts more stock in maximum college attendance by its youth than does the United States," says an American report to an international committee. "Yet no nation expects those receiving higher education to pay a greater share of its cost."

The leaders of both private and public colleges and universities are worried by this paradox.

Private institution leaders are worried because they have no desire to see their campuses closed to all but the sons and daughters of well-to-do families. But, in effect, this is what may happen if students must continue to be charged more than a third of the costs of providing higher education—costs that seem to be eternally on the rise. (Since one-third is the average for all private colleges and universities, the students' share of costs is lower in some private colleges and universities, considerably higher in others.)

Public institution leaders are worried because, in the rise of tuition and other student fees, they see the eventual collapse of a cherished American dream: equal educational opportunity for all. Making students pay a greater part of the cost of public higher education is no mere theoretical threat; it is already taking place, on a broad scale. Last year, half of the State universities and land-grant institutions surveyed by the Federal Government reported that, in the previous 12 months, they had had to increase the tuition and fees charged to home-State students. More than half had raised their charges to students who came from other States.

Can the rise in tuition rates be stopped—at either public or private colleges and universities?

A few vocal critics think it should not be; that tuition should, in fact, go up. Large numbers of students can afford considerably more than they are now paying, the critics say.

"Just look at the student parking lots. You and I are helping to pay for those kids' cars with our taxes," one campus visitor said last fall.

Asked an editorial in a Tulsa newspaper:

"Why should taxpayers, most of whom have not had the advantage of college education, continue to subsidize students in State-supported universities who have enrolled, generally, for the frank purpose of eventually earning more than the average citizen?"

An editor in Omaha had similar questions:

"Why shouldn't tuition cover more of the rising costs? And why shouldn't young people be willing to pay higher tuition fees, and if necessary borrow the money against their expected earnings? And why shouldn't tuition charges have a direct relationship to the prospective earning power—less in the case of the poorer paid professions and more in the case of those which are most remunerative?"

Or should students carry a heavier share of the costs?

Such questions, or arguments in the form of questions, miss the main point of tax-supported higher education, its supporters say.

"The primary beneficiary of higher education is society," says a joint statement of the State Universities Association and the Association of State Universities & Land-Grant Colleges.

"The process of making students pay an increasing proportion of the costs of higher education will, if continued, be disastrous to American society and to American National strength.

"It is based on the theory that higher education benefits only the individual and that he should therefore pay immediately and directly for its cost, through borrowing if necessary * * *.

"This is a false theory * * *. It is true that great economic and other benefits do accrue to the individual, and it is the responsibility of the individual to help pay for the education of others on this account, through taxation and through voluntary support of colleges and universities, in accordance with the benefits received. But even from the narrowest of economic standpoints, a general responsibility

rests on society to finance higher education. The businessman who has things to sell is a beneficiary, whether he attends college or not, whether his children do or not * * *"

Says a university president: "I am worried, as are most educators, about the possibility that we will price ourselves out of the market."

For private colleges, already forced to charge for a large part of the cost of providing higher education, the problem is particularly acute. As costs continue to rise, where will private colleges get the income to meet them, if not from tuition?

After studying 100 projections of their budgets by private liberal arts colleges, Sidney G. Tickton, of the Fund for the Advancement of Education, flatly predicted:

"Tuition will be much higher 10 years hence."

Already, Mr. Tickton pointed out, tuition at many private colleges is beyond the reach of large numbers of students, and scholarship aid isn't large enough to help. "Private colleges are beginning to realize that they haven't been taking many impecunious students in recent years. The figures show that they can be expected to take an even smaller proportion in the future.

"The facts are indisputable. Private colleges may not like to admit this or think of themselves as educators of only the well-heeled, but the signs are that they aren't likely to be able to do very much about it in the decade ahead."

What is the outlook at public institutions? Members of the Association of State Colleges & Universities were recently asked to make some predictions on this point. The consensus:

They expect the tuition and fees charged to their home State students to rise from a median of \$200 in 1962-63 to \$230, 5 years later. In the previous 5 years, the median tuition had increased from \$150 to \$200. Thus the rising-tuition trend would not be stopped, they felt, but it would be slowed.

The only alternative to higher tuition, whether at public or private institutions, is increased income from other sources; taxes, gifts, grants. If costs continue to increase, such income will have to increase not merely in proportion, but at a faster rate, if student charges are to be held at their present levels.

What are the prospects for these other sources of income? See the pages that follow.

FROM STATES, 22.9 PERCENT

Colleges and universities depend upon many sources for their financial support. But one source towers high above all the rest: the American taxpayer.

The taxpayer provides funds for higher education through all levels of government; Federal, State, and local.

Together, in the most recent year reported, governments supplied 44.4 percent of the current fund income of all U.S. colleges and universities, a grand total of \$3.2 billion.

This was more than twice as much as all college and university students paid in tuition fees. It was nearly seven times the total of all private gifts and grants.

By far the largest sums for educational purposes came from State and local governments: \$1.9 billion, altogether. (Although the Federal Government's overall expenditures on college and university campuses were large, nearly \$1.4 billion, all but \$262 million was earmarked for research.)

States have had a financial interest in higher education since the Nation's founding. (Even before independence, Harvard and other colonial colleges had received Government support.) The first State university, the University of Georgia, was chartered in 1785. As settlers moved west, each new State received two townships of land from the Federal Government, to support an institution of higher education.

But the true flourishing of publicly supported higher education came after the Civil War. State universities grew. Land-grant colleges were founded, fostered by the Morrill Act of 1862. Much later, local governments entered the picture on a large scale, particularly in the junior college field.

Today, the U.S. system of publicly supported colleges and universities is, however one measures it, the world's greatest. It comprises 743 institutions (345 local, 386 State, 12 Federal), compared with a total of 1,357 institutions that are privately controlled.

Enrollments in the public colleges and universities are awesome, and certain to become more so.

As recently as 1950, half of all college and university students attended private institutions. No longer—and probably never again. Last fall, the public colleges and universities enrolled 60 percent, 1 million more students than did the private institutions. And, as more and more young Americans go to college in

the years ahead, both the number and the proportion attending publicly controlled institutions will soar.

By 1970, according to one expert projection, there will be 7 million college and university students. Public institutions will enroll 67 percent of them.

By 1980, there will be 10 million students. Public institutions will enroll 75 percent of them.

Will State taxes be sufficient to meet the rocketing demand?

The financial implications of such enrollments are enormous. Will State and local governments be able to cope with them?

In the latest year for which figures have been tabulated, the current-fund income of the Nation's public colleges and universities was \$4.1 billion. Of this total, State and local governments supplied more than \$1.8 billion, or 44 percent. To this must be added \$790 million in capital outlays for higher education, including \$613 million for new construction.

In the fast-moving world of public college and university financing, such heady figures are already obsolete. At present, reports the Committee for Economic Development, expenditures for higher education are the fastest growing item of State and local government financing. Between 1962 and 1968, while expenditures for all State and local government activities will increase by about 50 percent, expenditures for higher education will increase 120 percent. In 1962, such expenditures represented 9.5 percent of State and local tax income; in 1968, they will take 12.3 percent.

Prof. M. M. Chambers, of the University of Michigan, has totted up each State's tax fund appropriations to colleges and universities (see list, next page). He cautions readers not to leap to interstate comparisons; there are too many differences between the practices of the 50 States to make such an exercise valid. But the differences do not obscure the fact that, between fiscal year 1961 and fiscal 1963, all States except Alabama and Montana increased their tax fund appropriations to higher education. The average was a whopping 24.5 percent.

Can States continue to increase appropriations? No one answer will serve from coast to coast.

Poor States will have a particularly difficult problem. The Southern Regional Education Board, in a recent report, told why:

"Generally, the States which have the greatest potential demand for higher education are the States which have the fewest resources to meet the demand. Rural States like Alabama, Arkansas, Mississippi, and South Carolina have large numbers of college-age young people and relatively small per capita income levels." Such States, the report concluded, can achieve educational excellence only if they use a larger proportion of their resources than does the Nation as a whole.

A leading western educator summed up his State's problem as follows:

"Our largest age groups, right now, are old people and youngsters approaching college age. Both groups depend heavily upon the producing, taxpaying members of our economy. The elderly demand State-financed welfare; the young demand State-financed education.

"At present, however, the producing part of our economy is composed largely of 'depression babies'—a comparatively small group. For the next few years, their per capita tax burden will be pretty heavy, and it may be hard to get them to accept any big increases."

But the alternatives to more tax money for public colleges and universities—higher tuition rates, the turning away of good students—may be even less acceptable to many taxpayers. Such is the hope of those who believe in low-cost public higher education.

State tax funds for higher education

	Fiscal 1963	Change from 1961	
		Amount	Percent
Alabama.....	\$22,051,000	-\$346,000	-1.5
Alaska.....	3,301,000	+978,000	+42
Arizona.....	20,422,000	+4,604,000	+29
Arkansas.....	16,599,000	+3,048,000	+22.5
California.....	243,808,000	+48,496,000	+25
Colorado.....	29,916,000	+6,634,000	+28.25
Connecticut.....	15,948,000	+2,868,000	+22
Delaware.....	5,094,000	+1,360,000	+36.5
Florida.....	46,043,000	+8,780,000	+23.5
Georgia.....	32,162,000	+4,479,000	+21
Hawaii.....	10,778,000	+3,404,000	+46
Idaho.....	10,137,000	+1,337,000	+15.25
Illinois.....	113,043,000	+24,905,000	+28.25
Indiana.....	62,709,000	+12,546,000	+25
Iowa.....	38,914,000	+4,684,000	+13.5
Kansas.....	25,038,000	+7,099,000	+25.5
Kentucky.....	25,573,000	+9,901,000	+50.25
Louisiana.....	46,760,000	+2,203,000	+5
Maine.....	7,429,000	+1,830,000	+32.5
Maryland.....	29,809,000	+3,721,000	+20.5
Massachusetts.....	16,503,000	+3,142,000	+23.5
Michigan.....	104,082,000	+6,066,000	+6
Minnesota.....	44,058,000	+5,808,000	+15.25
Mississippi.....	17,500,000	+1,311,000	+8
Missouri.....	33,253,000	+1,612,000	+29.5
Montana.....	11,161,000	-70,000	-0.5
Nebraska.....	17,078,000	+1,860,000	+12.25
Nevada.....	5,299,000	+1,192,000	+29
New Hampshire.....	4,733,000	+627,000	+15.25
New Jersey.....	34,079,000	+9,652,000	+39.5
New Mexico.....	14,372,000	+3,133,000	+28
New York.....	166,556,000	+67,051,000	+75
North Carolina.....	36,532,000	+6,192,000	+20.5
North Dakota.....	10,386,000	+1,133,000	+12.25
Ohio.....	55,620,000	+10,294,000	+22.5
Oklahoma.....	30,020,000	+3,000,000	+11
Oregon.....	33,423,000	+4,704,000	+16.25
Pennsylvania.....	56,187,000	+12,715,000	+29.5
Rhode Island.....	7,697,000	+2,426,000	+46
South Carolina.....	15,440,000	+2,299,000	+17.5
South Dakota.....	8,702,000	+574,000	+7
Tennessee.....	22,359,000	+5,336,000	+31.25
Texas.....	83,282,000	+16,327,000	+24.5
Utah.....	15,580,000	+2,441,000	+18.5
Vermont.....	3,750,000	+351,000	+10.25
Virginia.....	28,859,000	+5,672,000	+24.5
Washington.....	51,757,000	+9,749,000	+23.25
West Virginia.....	20,743,000	+3,824,000	+22.5
Wisconsin.....	44,670,000	+7,253,000	+19.5
Wyoming.....	5,599,000	+864,000	+18.25
Total.....	1,808,825,000	+357,499,000	-----
Weighted average.....			+24.5

Every projection of future needs shows that State and local governments must increase their appropriations vastly, if the people's demands for higher education are to be met. The capacity of a government to make such increases, as a California study has pointed out, depends on three basic elements:

(1) The size of the "stream of income" from which the support for higher education must be drawn;

(2) The efficiency and effectiveness of the tax system; and

(3) The will of the people to devote enough money to the purpose.

Of these elements, the third is the hardest to analyze, in economic terms. It may well be the most crucial. Here is why:

In their need for increased State and local funds, colleges and universities will be in competition with growing needs for highways, urban renewal, and all the other services that citizens demand of their governments. How the available tax funds will be allocated will depend, in large measure, on how the people rank their demands, and how insistently they make the demands known.

"No one should know better than our alumni the importance of having society invest its money and faith in the education of its young people," Allan W. Ostar, Director of the Office of Institutional Research, said recently. "Yet all too often

we find alumni of State universities who are not willing to provide the same opportunity to future generations that they enjoyed. Our alumni should be leading the fight for adequate tax support of our public colleges and universities.

"If they don't, who will?"

To some Americans the growth of State-supported higher education, compared with that of the private colleges and universities, has been disturbing for other reasons than its effects upon the tax rate.

One cause of their concern is a fear that government dollars inevitably will be accompanied by a dangerous sort of government control. The fabric of higher education, they point out, is laced with controversy, new ideas, and challenges to all forms of the status quo. Faculty members, to be effective teachers and researchers, must be free of reprisal or fears of reprisal. Students must be encouraged to experiment, to question, to disagree.

The best safeguard, say those who have studied the question, is legal autonomy for State-supported higher education independent boards of regents or trustees, positive protections against interference by State agencies, postaudits of accounts but no line-by-line political control over budget proposals—the latter being a device by which a legislature might be able to cut the salary of an "offensive" professor or stifle another's research. Several State constitutions already guarantee such autonomy to State universities. But in some other States, college and university administrators must be as adept as politicking as at educating, if their institutions are to thrive.

Another concern has been voiced by many citizens. What will be the effects upon the country's private colleges, they ask, if the public higher education establishment continues to expand at its present rate. With State-financed institutions handling more and more students—and, generally, charging far lower tuition fees than the private institutions can afford—how can the small private colleges hope to survive.

President Robert D. Calkins, of the Brookings Institution, has said: "Thus far, no promising alternative to an increased reliance on public institutions and public support has appeared as a means of dealing with the expanding demand for education. The trend may be checked, but there is nothing in sight to reverse it * * *."

"Many weak private institutions may have to face a choice between insolvency, mediocrity, or qualifying as public institutions. But enlarged opportunities for many private and public institutions will exist, often through cooperation * * *. By pooling resources, all may be strengthened * * *. In view of the recent support the liberal arts colleges have elicited, the more enterprising ones, at least, have an undisputed role for future service."

FROM WASHINGTON, 18.9 PERCENT

"I seem to spend half my life on the jets between here and Washington," said an official of a private university on the west coast, not long ago.

"We've decided to man a Washington office, full time," said the spokesman for a State university, a few miles away.

For 1 in 20 U.S. institutions of higher education, the Federal Government in recent years has become one of the biggest facts of financial life. For some it is the biggest. "The not-so-jolly long-green giant," one man calls it.

Washington is no newcomer to the campus scene. The difference, today, is one of scale. Currently the Federal Government spends between \$1 and \$2 billion a year at colleges and universities. So vast are the expenditures, and so diverse are the Government channels through which they flow to the campuses, that a precise figure is impossible to come by. The U.S. Office of Education's latest estimate, covering fiscal 1962, is that Washington was the source of \$1.389 billion—or nearly 19 percent—of higher education's total current-fund income.

"It may readily be seen," said Congresswoman Edith Green, of Oregon, in a report last year to the House Committee on Education and Labor, "that the question is not whether there shall be Federal aid to education."

Federal aid exists. It is big and is growing.

The word "aid," however, is misleading. Most of the Federal Government's expenditures in higher education—more than four and a half times as much as for all other purposes combined—are for research that the Government needs. Thus, in a sense, the Government is the purchaser of a commodity; the universities, like any other producer with whom the Government does business, supply that commodity. The relationship is one of quid pro quo.

Congresswoman Green is quick to acknowledge this fact:

"What has not been * * * clear is the dependency of the Federal Government on the educational system. The Government relies upon the universities to do those things which cannot be done by Government personnel in Government facilities.

"It turns to the universities to conduct basic research in the fields of agriculture, defense, medicine, public health, and the conquest of space, and even for managing and staffing of many governmental research laboratories.

"It relies on university faculty to judge the merits of proposed research.

"It turns to them for the management and direction of its foreign aid programs in underdeveloped areas of the world.

"It relies on them for training, in every conceivable field, of Government personnel—both military and civilian."

Can Federal dollars properly be called Federal "aid"?

The full range of Federal Government relationships with U.S. higher education can only be suggested in the scope of this report. Here are some examples:

Land-grant colleges had their origins in the Morrill Land Grant College Act of 1862, when the Federal Government granted public lands to the States for the support of colleges, "to teach such branches of learning as are related to agriculture and the mechanic arts," but not excluding science and classics. Today there are 68 such institutions. In fiscal 1962, the Federal Government distributed \$10.7 million in land-grant funds.

The Armed Forces operate officers training programs in the colleges and universities—their largest source of junior officers.

Student loans, under the National Defense Education Act, are the major form of Federal assistance to undergraduate students. They are administered by 1,534 participating colleges and universities, which select recipients on the basis of need and collect the loan repayments. In fiscal 1962, more than 170,000 undergraduates and nearly 15,000 graduate students borrowed \$90 million in this way.

"The success of the Federal loan program," says the president of a college for women, "is one of the most significant indexes of the important place the Government has in financing private as well as public educational institutions. The women's colleges, by the way, used to scoff at the loan program. 'Who would marry a girl with a debt?' people asked. 'A girl's dowry shouldn't be a mortgage,' they said. But now more than 25 percent of our girls have Government loans, and they don't seem at all perturbed."

Fellowship grants to graduate students, mostly for advanced work in science or engineering, supported more than 35,000 persons in fiscal 1962. Cost to the Government: nearly \$104 million. In addition, around 20,000 graduate students served as paid assistants on Government-sponsored university research projects.

Dormitory loans through the college housing program of the Housing and Home Finance Agency have played a major role in enabling colleges and universities to build enough dormitories, dining halls, student unions, and health facilities for their burgeoning enrollments. Between 1951 and 1961, loans totaling more than \$1.5 billion were approved. Informed observers believe this program finances from 35 to 45 percent of the total current construction of such facilities.

Grants for research facilities and equipment totaled \$98.5 million in fiscal 1962, the great bulk of which went to universities conducting scientific research. The National Science Foundation, the National Institutes of Health, the National Aeronautics and Space Administration, and the Atomic Energy Commission are the principal sources of such grants. A Department of Defense program enables institutions to build facilities and write off the cost.

To help finance new classrooms, libraries, and laboratories, Congress last year passed a \$1.195 billion college aid program and, said President Johnson, thus was "on its way to doing more for education than any since the land-grant college bill was passed 100 years ago."

Support for medical education through loans to students and funds for construction was authorized by Congress last fall, when it passed a \$236 million program.

To strengthen the curriculum in various ways, Federal agencies spent approximately \$9.2 million in fiscal 1962. Samples: a \$2 million National Science Foundation program to improve the content of science courses; a \$2 million Office of Education program to help colleges and universities develop, on a matching-fund basis, language and area study centers; a \$2 million Public Health Service program to expand, create, and improve graduate work in public health.

Support for international programs involving U.S. colleges and universities came from several Federal sources. Examples: Funds spent by the Peace Corps for training and research totaled more than \$7 million. The Agency for International Development employed some 70 institutions to administer its projects overseas, at a cost of about \$26 million. The State Department paid nearly \$6 million to support more than 2,500 foreign students on U.S. campuses, and an additional \$1.5 million to support more than 700 foreign professors.

But the greatest Federal influence, on many U.S. campuses, comes through the Government's expenditures for research.

As one would expect, most of such expenditures are made at universities, rather than at colleges (which, with some exceptions, conduct little research).

In the 1963 Godkin Lectures at Harvard, the University of California's President Clark Kerr called the Federal Government's support of research, starting in World War II, one of the "two great impacts [which], beyond all other forces, have molded the modern American university system and made it distinctive." (The other great impact: the land-grant college movement.)

At the institutions where they are concentrated, Federal research funds have had marked effects. A self-study by Harvard, for example, revealed that 90 percent of the research expenditures in the university's physics department were paid for by the Federal Government; 67 percent in the chemistry department; and 95 percent in the division of engineering and applied physics.

Thirty-eight percent of Federal research funds go to these 10 institutions:

University of California	University of Illinois
Massachusetts Institute of Technology	Stanford University
Columbia University	University of Chicago
University of Michigan	University Minnesota
Harvard University	Cornell University

Fifty-nine percent of Federal research funds go to the above 10 plus these 15:

University of Wisconsin	Princeton University
University of Pennsylvania	Iowa State University
New York University	California Institute of Technology
Ohio State University	University of Pittsburgh
University of Washington	Northwestern University
Johns Hopkins University	Brown University
University of Texas	University of Maryland
Yale University	

Is this Government-dollar dominance in many universities' research budgets a healthy development?

After analyzing the role of the Federal Government on their campuses, a group of universities reporting to the Carnegie Foundation for the Advancement of Teaching agreed that "the effects [of Government expenditures for campus-based research projects] have, on balance, been salutary."

Said the report of one institution:

"The opportunity to make expenditures of this size has permitted a research effort far superior to anything that could have been done without recourse to Government sponsors * * *."

"Any university that declined to participate in the growth of sponsored research would have had to pay a high price in terms of the quality of its faculty in the science and engineering areas * * *."

However, the university-Government relationship is not without its irritations.

One of the most irksome, say many institutions, is the Government's failure to reimburse them fully for the "indirect costs" they incur in connection with federally sponsored research—costs of administration, of libraries, of operating and maintaining their physical plant. If the Government fails to cover such costs, the universities must—often by drawing upon funds that might otherwise be spent in strengthening areas that are not favored with large amounts of Federal support, e.g., the humanities.

Ninety percent of Federal research funds go to the 25 mentioned above plus these 75:

Pennsylvania State University	Baylor University
Duke University	University of Denver
University of Southern California	University of Missouri
Indiana University	University of Georgia
University of Rochester	University of Arkansas
Washington University	University of Nebraska
University of Colorado	Tufts University
Purdue University	University of Alabama
George Washington University	New Mexico State University
Western Reserve University	Washington State University
Florida State University	Boston University
Yeshiva University	University of Buffalo
University of Florida	University of Kentucky
University of Oregon	University of Cincinnati
University of Utah	Stevens Institute of Technology
Tulane University	Oklahoma State University
University of North Carolina	Georgetown University
Michigan State University	Medical College of Virginia
Polytechnic Institute of Brooklyn	Mississippi State University
University of Miami	Colorado State University
University of Tennessee	Auburn University
University of Iowa	Dartmouth College
Texas A. & M. College	Emory University
Rensselaer Polytechnic Institute	University of Vermont
University of Kansas	Brandeis University
University of Arizona	Marquette University
Vanderbilt University	Jefferson Medical College
Syracuse University	Virginia Polytechnic Institute
Oregon State University	University of Louisville
Georgia Institute of Technology	Kansas State University
University of Virginia	St. Louis University
Rutgers University	West Virginia University
Louisiana State University	University of Hawaii
Carnegie Institute of Technology	University of Mississippi
University of Oklahoma	Notre Dame University
North Carolina State University	University of New Mexico
Illinois Institute of Technology	Temple University
Wayne State University	

Some see another problem: Faculty members may be attracted to certain research areas simply because Federal money is plentiful there. "This * * * may tend to channel their efforts away from other important research and * * * from their teaching and public service responsibilities," one university study said.

The Government's emphasis upon science, health, and engineering, some persons believe, is another drawback to the Federal research expenditures. "Between departments, a form of imbalance may result," said a recent critique. "The science departments and their research may grow and prosper. The departments of the humanities and social sciences may continue, at best, to maintain their status quo."

"There needs to be a National Science Foundation for the humanities," says the chief academic officer of a southern university which gets approximately 20 percent of its annual budget from Federal grants.

"Certainly Government research programs create imbalances within departments and between departments," said the spokesman for a leading Catholic institution, "but so do many other influences at work within a university * * *. Imbalances must be lived with and made the most of, if a level of uniform mediocrity is not to prevail."

The concentration of Federal funds in a few institutions—usually the institutions which already are financially and educationally strong—make sense from the standpoint of the quid pro quo philosophy that motivates the expenditure of most Government funds. The strong research-oriented universities, obviously, can deliver the commodity the Government wants.

But, consequently, as a recent Carnegie report noted, "Federal support is, for many colleges and universities, not yet a decisive or even a highly influential fact of academic life."

Why, some persons ask, should not the Government conduct equally well-financed programs in order to improve those colleges and universities which are not strong—and thus raise the quality of U.S. higher education as a whole?

This question is certain to be warmly debated in years to come. Coupled with philosophical support or opposition will be this pressing practical question: can private money, together with State and local government funds, solve higher education's financial problems, without resort to Washington? Next fall, when the great, long-predicted "tidal wave" of students at last reaches the Nations' campuses, the time of testing will begin.

FROM GIFTS AND GRANTS, 6.4 PERCENT

As a source of income for U.S. higher education, private gifts and grants are a comparatively small slice on the pie charts: 11.6 percent for the private colleges and universities, only 2.3 percent for public.

But, to both types of institution, private gifts and grants have an importance far greater than these percentages suggest.

"For us," says a representative of a public university in the Midwest, "private funds mean the difference between the adequate and the excellent. The university needs private funds to serve purposes for which State funds cannot be used: scholarships, fellowships, student loans, the purchase of rare books and art objects, research seed grants, experimental programs."

"Because the State provides basic needs," says another public university man, "every gift dollar can be used to provide for a margin of excellence."

Says the spokesman for a private liberal arts college: "We must seek gifts and grants as we have never sought them before. They are our one hope of keeping educational quality up, tuition rates down, and the student body democratic. I'll even go so far as to say they are our main hope of keeping the college, as we know it, alive."

From 1954-55 through 1960-61, the independent Council for Financial Aid to Education has made a biennial survey of the country's colleges and universities, to learn how much private aid they received. In four surveys, the institutions answering the council's questionnaires reported they had received more than \$2.4 billion in voluntary gifts.

Major private universities received \$1,046 million.

Private coeducational colleges received \$628 million.

State universities received nearly \$320 million.

Professional schools received \$171 million.

Private women's colleges received \$126 million.

Private men's colleges received \$117 million.

Junior colleges received \$31 million.

Municipal universities received nearly \$16 million.

Over the years covered by the CFAE's surveys, these increases took place:

Gifts to the private universities went up 95.6 percent.

Gifts to private coed colleges went up 82 percent.

Gifts to State universities went up 184 percent.

Gifts to professional schools went up 134 percent.

Where did the money come from? Gifts and grants reported to the council came from these sources:

General welfare foundations gave \$653 million.

Nonalumni donors gave \$539.7 million.

Alumni and alumnae gave \$496 million.

Business corporations gave \$345.8 million.

Religious denominations gave \$216 million.

Nonalumni, nonchurch groups gave \$139 million.

Other sources gave \$66.6 million.

All seven sources increased their contributions over the period.

Coming: A need for \$9 billion a year. Impossible?

But the records of past years are only preludes to the voluntary giving of the future, experts feel.

Dr. John A. Pollard, who conducts the surveys of the Council for Financial Aid to Education, estimates conservatively that higher education will require \$9 billion per year by 1969-70, for educational and general expenditures, endowment, and plant expansion. This would be 1.3 percent of an expected \$700 billion gross national product.

Two billion dollars, Dr. Pollard believes, must come in the form of private gifts and grants. Highlights of his projections:

Business corporations will increase their contributions to higher education at a rate of 16.25 percent a year. Their 1969-70 total: \$508 million.

Foundations will increase their contributions at a rate of 14.5 percent a year. Their 1969-70 total: \$520.7 million.

Alumni will increase their contributions at a rate of 14.5 percent a year. Their 1969-70 total: \$591 million.

Nonalumni individuals will increase their contributions at a rate of 12.6 percent a year. Their 1969-70 total: \$524.6 million.

Religious denominations will increase their contributions at a rate of 12.7 percent. Their 1969-70 total: \$215.6 million.

Nonalumni, nonchurch groups and other sources will increase their contributions at rates of 4 percent and 1 percent, respectively. Their 1969-70 total: \$62 million.

"I think we must seriously question whether these estimates are realistic," said a businessman, in response to Dr. Pollard's estimate of 1969-70 gifts by corporations. "Corporate funds are not a bottomless pit; the support the corporations give to education is, after all, one of the costs of doing business * * *. It may become more difficult to provide for such support, along with other foreseeable increased costs, in setting product prices. We cannot assume that all this money is going to be available simply because we want it to be. The more fruit you shake from the tree, the more difficult it becomes to find still more."

But others are more optimistic. Says the CFAE:

"Fifteen years ago nobody could safely have predicted the level of voluntary support of higher education in 1962. Its climb has been spectacular * * *."

"So, on the record, it probably is safe to say that the potential of voluntary support of U.S. higher education has only been scratched. The people have developed a quenchless thirst for higher learning and, equally, the means and the will to support its institutions adequately."

Alumni and alumnae will have a critical role to play in determining whether the projections turn out to have been sound or unrealistic. Of basic importance, of course, are their own gifts to their alma maters. The American Alumni Council, in its most recent year's compilation, reported that alumni support, as measured from the reports of 927 colleges and universities, had totaled \$196.7 million—a new record.

Lest this figure cause alumni and alumnae to engage in unrestrained self-congratulations, however, let them consider these words from one of the country's veteran (and most outspoken) alumni secretaries:

"Of shocking concern is the lack of interest of most of the alumni * * *. The country over, only about one-fifth on the average pay dues to their alumni associations; only one-fourth on the average contribute to their alumni funds. There are, of course, heartwarming instances where participation reaches 70 and 80 percent, but they are rare * * *."

Commenting on these remarks, a fund raising consultant wrote:

"The fact that about three-fourths of college and university alumni do not contribute anything at all to their alma maters seems to be a strong indication that they lack sufficient feeling of responsibility to support these institutions. There was a day when it could be argued that this support was not forthcoming because the common man simply did not have funds to contribute to universities. While this argument is undoubtedly used today, it carries a rather hollow ring in a nation owning nearly two cars for every family and so many pleasure boats that there is hardly space left for them on available water."

Alumni support has an importance even beyond the dollars that it yields to higher education. More than 220 business corporations will match their employees' contributions. And alumni support—particularly the percentage of alumni who make gifts—is frequently used by other prospective donors as a guide to how much they should give.

Most important, alumni and alumnae wear many hats. They are individual citizens, corporate leaders, voters, taxpayers, legislators, union members, church leaders. In every role, they have an effect on college and university destinies. Hence it is alumni and alumnae, more than any other group, who will determine whether the financial health of U.S. higher education will be good or bad in years to come.

What will the verdict be? No reader can escape the responsibility of rendering it.



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